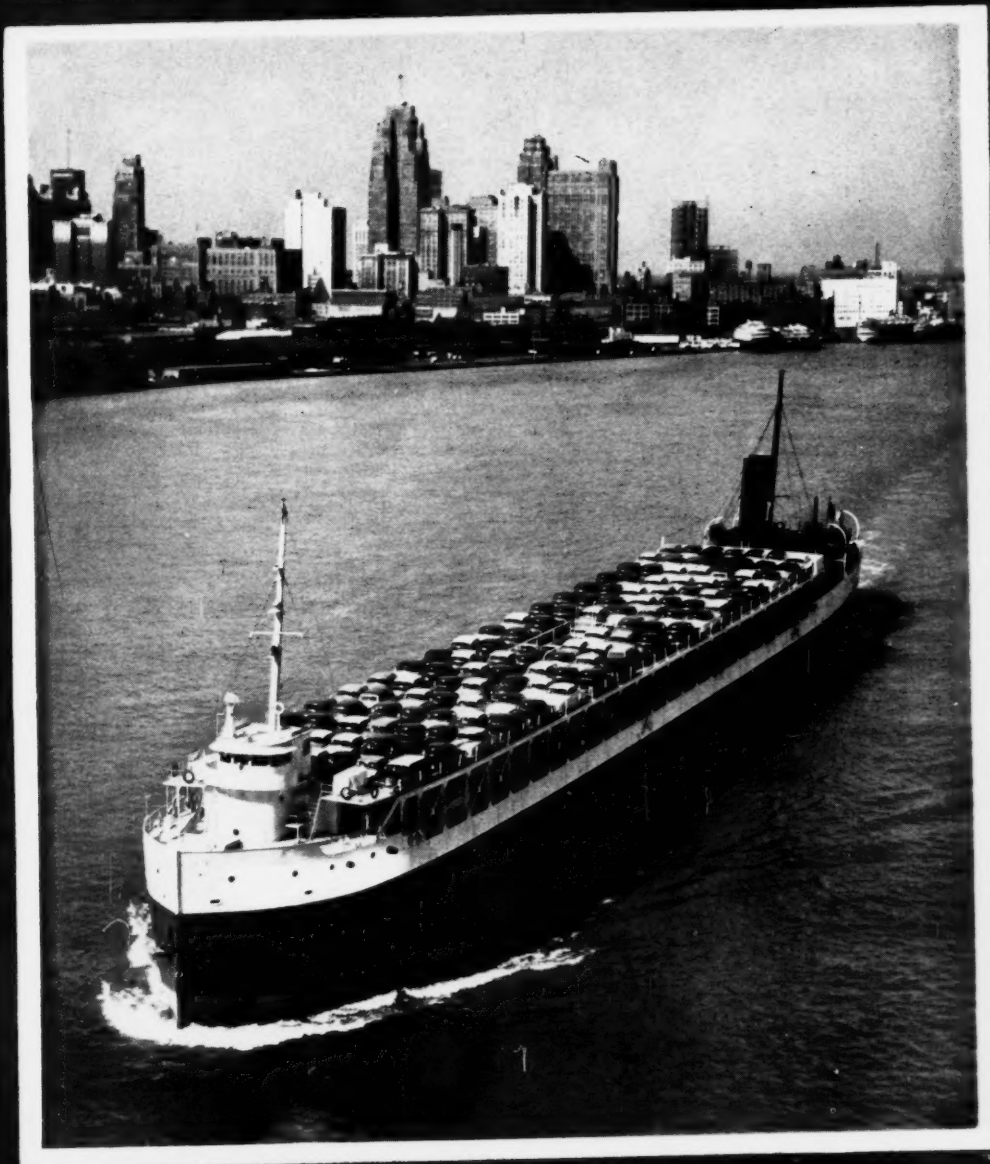


ASIM

• AN INFORMED BUYER IS A BETTER BUYER

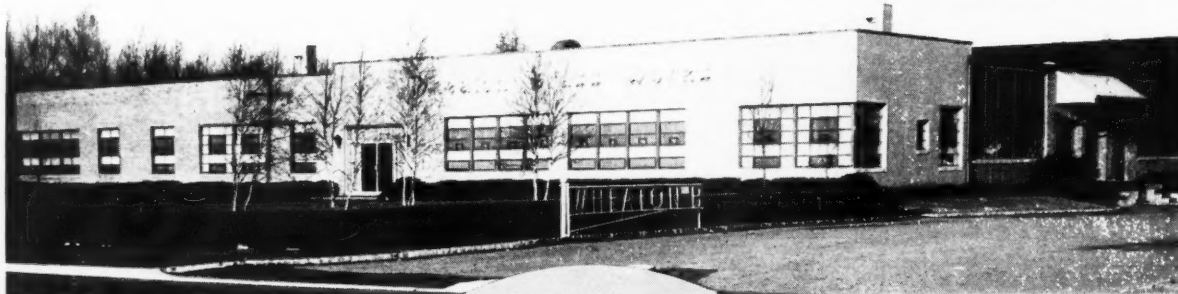
CORPORATE INSURANCE MANAGEMENT



AMERICAN SOCIETY OF INSURANCE MANAGEMENT

WHEATON BRASS WORKS

UNION, N. J.



**protects
its property
Automatically
gets better
FIRE and BURGLARY
protection and
SAVES \$7,500 A YEAR...**

When we built our new plant, 24 hour-a-day protection was considered essential. We found the headache-free answer in ADT Automatic Protection Services, which, in our opinion, do the job more thoroughly, efficiently and economically than human patrols. We estimate our savings at \$7,500 a year.

Robert F. Wheaton
Robert F. Wheaton
VICE PRESIDENT

Wheaton Brass, manufacturers of equipment for the petroleum industry, might be hurt seriously by a fire or burglary. The management accordingly chose ADT Automatic Protection Services to safeguard property, profits and employees' jobs.

The building, a model for plants of its type, is guarded by a combination of ADT Central Station Sprinkler Supervisory and Waterflow Alarm, Aero Automatic Fire Alarm, Heating Supervisory and Burglar Alarm Services.

Mr. Wheaton's statement, above, convincingly attests the great value of ADT Services in giving businessmen peace of mind based on knowledge that their properties have the best protection.

May we show you what ADT can do for you?

Whether your premises are old or new, sprinklered or unsprinklered, an ADT specialist will be glad to show how combinations of automatic services can protect your property. Call our local sales office if we are listed in your phone book; or write to our Executive Office.



Controlled Companies of
**AMERICAN DISTRICT
TELEGRAPH COMPANY**
A NATIONWIDE ORGANIZATION
Executive Office
155 Sixth Avenue, New York 13, N. Y.

OFFICERS
AMERICAN SOCIETY OF
INSURANCE MANAGEMENT INC.

FRAZIER S. WILSON, President
 United Air Lines, Inc.
 Chicago, Illinois

JOE T. PARRETT, 1st Vice-President
 Carnation Company
 Los Angeles, California

H. STANLEY GOODWIN, 2nd Vice-President
 McKesson & Robbins, Inc.
 New York, N. Y.

GEORGE A. MEARNES, Treasurer
 Sunshine Biscuit Company
 New York, N. Y.

RAYMOND V. BRADY, Secretary
 The Chase Manhattan Bank of N. Y.
 New York, N. Y.

PETER A. BURKE
 Managing Director
 New York, N. Y.

REGIONAL VICE-PRESIDENTS

R. F. BOEITCHER
 Geo. A. Hormel Co.
 Austin, Minn.

W. H. CLEM
 Schlumberger Well Surveying Corp.
 Houston, Texas

B. M. HULCHER
 Southern States Cooperative
 Richmond, Virginia

T. V. MURPHY
 Maryland Shipbuilding & Drydock Co.
 Baltimore, Maryland

MERRITT C. SCHWENK, Jr.
 Finehauf Trailer Company
 Detroit, Michigan

A. G. WESTCOTT
 The Union Ice Company
 San Francisco, Calif.

DIRECTORS

C. HENRY AUSTIN
 Standard Oil Company (Indiana)
 Chicago, Ill.

MISS MARION E. BOWER
 The Davison Chemical Company
 Division of W. R. Grace & Co.
 Baltimore, Maryland

RAYMOND COX
 Merritt-Chapman & Scott Corp.
 New York, N. Y.

J. DOUGLAS HANLEY
 Pittsburgh Consolidation Coal Co.
 Pittsburgh, Pa.

W. T. McWHORTER
 The Prater & Gamble Company
 Cincinnati, Ohio

FRED L. MATTSO, JR.
 West Coast Lumbermen's Association
 Portland, Oregon

WILLIAM A. MILLER
 Richfield Oil Corp.
 Los Angeles, Calif.

J. E. MORIARTY
 The Robert Dollar Company
 San Francisco, California

D. C. MORRIS
 Chance-Vought Aircraft, Inc.
 Dallas, Texas

EDWARD F. NEUBECKER
 Burroughs Corporation
 Detroit, Michigan

H. V. NOLAN
 M. F. Patterson Dental Supply Co.
 of Minn.
 St. Paul, Minn.

FRANK W. PENNARTZ
 Food Fair Stores, Inc.
 Philadelphia, Pa.

M. C. PETERSON
 Wisconsin Electric Power Co.
 Milwaukee, Wisconsin

PAUL G. STICKLER
 Reynolds Metals Co.
 Richmond, Va.

E. C. STOKELY
 Dow Chemical Company
 Freeport, Texas

F. G. SUTHERLAND
 Illinois Power Co.
 Decatur, Illinois



We Honor...

The Insurance Buyers Association of Detroit, ASIM, as one of our most important chapters. A key chapter in a key city, its membership represents some of the country's best corporate insurance managers, whose efforts and achievements for the American Society of Insurance Management, Inc., are recognized and appreciated.

About the cover...

Slipping up the Detroit River, Buffalo-bound, this auto-carrier is loaded with 400 new passenger cars. Detroit is famous the world over for its manufacture of automobiles, trucks, etc. and is one of the focal industrial and cultural centers in the United States.

In This Issue

Insurance Buyers Association of Detroit, ASIM	1
Corporate Insurance Objectives at Ford Motor Company	3
by George W. Goslee	
The Accident-Prone Personality	6
by Thomas N. Jenkins	
Making Your Insurance Dollar and Agent Work For You	8
by Robert C. Walker	
Credit Insurance	10
by James G. Sheehan	
"Umbrella", "Kitchen Sink", "All Risk"	12
by L. F. Hawley	
The Value of an Insurance Department to a Corporation	16
by Charles B. Stauffacher	
Insurance Hall of Fame	24
Personnel Available	27
Now We Are Three	33
Chapter Directory	36
Roster of Company Members, ASIM	37, 38, 39, 40
Advertisers Index	47
"Developing Insurance Values" A Case Study	48
by A. L. Benjamin	
ASIM Continues to Grow	48

The National Insurance Buyer, published bi-monthly as the official publication of The American Society of Insurance Management, Inc., Martineau Building, 49 West 32nd St., New York 1, N. Y. Linda Burke, Editor. Copyright 1957 by the American Society of Insurance Management, Inc. Subscriptions: \$5.00 a year. Advertising rates on request.

New Members of an All-American Team

Service to business is our business. Since 1845, Johnson & Higgins has provided comprehensive, professional insurance brokerage service to companies throughout North America and the Caribbean.

Now we are proud to make available the same broad range of insurance services in South America, through an association with the prominent firm of Deltec, S.A. in Brazil and the establishment of an office in Venezuela.

These new offices are linked with a 35-year old office in Havana and with 17 offices in the United States and Canada to provide insurance brokerage service from the North Star to the Southern Cross—through *all* the Americas.

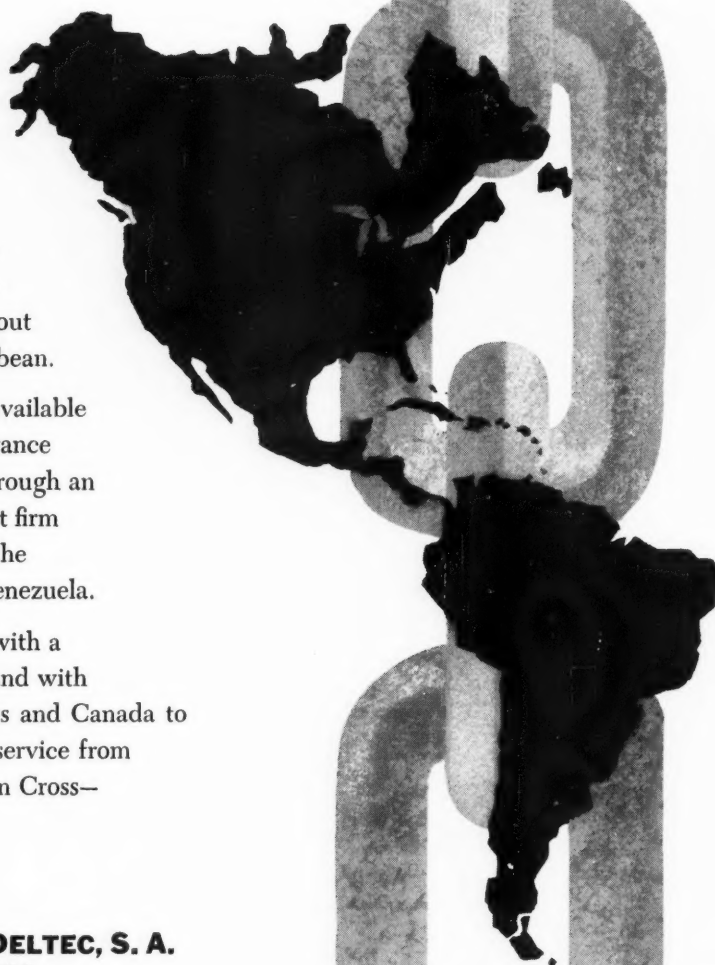
JOHNSON & HIGGINS DELTEC, S. A.
RIO DE JANEIRO SÃO PAULO

JOHNSON & HIGGINS DE VENEZUELA, C. A.
CARACAS

JOHNSON & HIGGINS, S. A.
HAVANA

JOHNSON & HIGGINS

New York • Chicago • San Francisco • Los Angeles • Detroit • Cleveland
Philadelphia • Pittsburgh • Buffalo • Seattle • Wilmington • Minneapolis
Atlanta • Vancouver • Winnipeg • Montreal • Toronto • London



The Insurance Buyers Association of Detroit, ASIM



Officers and Directors of Insurance Buyers Association of Detroit, ASIM: Standing (L to R): Richard D. Castle — Murray Corporation of America, Director; E. Dean Damon — Parke, Davis & Company, Treasurer; N. H. Siegel, Detroit Steel Corporation, Director; R. Dewar, S. S. Kresge Company, Director. Seated (L to R): Wesley A. Johnson, Chrysler Corporation, Vice-President; Robert H. French, Michigan-Wisconsin Pipe Line Company, President; F. L. Kiernan, Michigan Consolidated Gas Company, Secretary.

The Insurance Buyers Association of Detroit was created at a meeting in Detroit in September, 1950. Then, a few men sat down at a luncheon table to discuss mutual problems and to exchange ideas about corporate insurance management.

Now in its seventh year, the Insurance Buyers Association of Detroit has been headed by J. J. Neuman of Woodall Industries; H. E. Ryan, formerly of Buhl Manufacturing Company; Merritt C. Schwenk, Jr., of Fruehauf Trailer Company (now a regional vice president of the American Society of Insurance Management, Inc.); A. T. Mattison, formerly of Motor Products Corporation; Edward F. Neubecker of Burroughs Corporation (now a director of the American Society of Insurance Management, Inc.); M. R. DeLaurier of Detroit Edison Company; and, Robert H. French of Michigan-Wisconsin Pipe Line Company.

Present officers of the Insurance Buyers Association of Detroit, ASIM, are: R. H. French, Michigan-

Wisconsin Pipe Line Company, president; Wesley A. Johnston, Chrysler Corporation, vice president; Frank L. Kiernan, Michigan Consolidated Gas Company, secretary. E. Dean Damon, Parke, Davis & Company, treasurer. ASIM Director is Edward F. Neubecker. Directors - At - Large are: N. H. Siegel, Detroit Steel Corporation; Richard D. Castle, The Murray Corporation of America; and Robert Dewar, S. S. Kresge Company. R. A. Barton of Fruehauf Trailer Company is Publicity Chairman.

Prior to 1930, the insurance programs of most corporations were supervised traditionally by one or more corporate officers who accepted the responsibility as an added and probably unwanted task.

Today there is no question about the fact that all corporate insurance matters are concentrated into one department, assigned to an individual, with a staff of associates, whose title varies from Assistant Secretary, Assistant Treasurer, Auditor, Comptroller, and even Vice President. But, more often the

executive in charge of corporate insurance matters is known as a Supervisor, Director, or Manager of Corporate Insurance.

Whatever the title, he is responsible for all phases of his company's insurance program. He buys, accounts for, administers and renews all corporate insurance which conforms with the general principles laid down by top management. Most of all — he reports losses and negotiates loss settlements, the end product of his vast responsibility.

The management of a corporation's insurance matters is now accepted as a recognized profession. Corporations, both large and small, realize that an experienced, trained insurance manager can save the company premium dollars, secure broader protection, and effect better loss settlements. The administration of a corporation's insurance program is directly concerned with the company's financial stability — and even its economic survival.

(More on page 4)

Because of this, it merits top management guidance and supervision and in more and more companies it is receiving professional status.

Insurance agents, brokers and underwriters welcome this evolution in corporate management. It permits the agent to deal with an individual who is versed in insurance matters and who understands the agent's problems and the limitations of his product.

The Insurance Buyers Association of Detroit embraces a cross-section of the area's industry. Here, our chapter is typical of the other chapters of the American Society of Insurance Management, Inc. At our monthly dinner meetings, we have an opportunity to discuss our insurance problems, to exchange ideas, to hear prominent speakers, and to keep informed of the ever-changing aspects of this complicated and responsible business.

While the Detroit group has never made a "drive" for new members, it has endeavored to welcome into membership some of the country's leading industrial firms, in and around the Detroit area. Our Membership Committee is headed by Richard D. Castle of the Murray Corporation of America, who has the cooperation of every member of The Insurance Buyers Association of Detroit.

We are aware of the growth of the American Society of Insurance Management, Inc., and what it is doing to cooperate with colleges, universities, and various trade groups in the common objective of better-trained administrators to buy better insurance at a minimum cost. We concur with this objective realizing that "An Informed Buyer is a Better Buyer."

Walter E. Klepp, Vice President of Johnson & Higgins, (Illinois) Speaks to Chicago Chapter, ASIM

Members of Chicago Chapter, ASIM, were privileged to hear a talk on "Why Insurance Managers Should Become More Interested in Loss Prevention" by Walter E. Klepp, Vice President of Johnson & Higgins (Illinois) at their meeting in January.

Big Day in May Second Semi-Annual Meeting of American Society of Insurance Management, Inc. Is Scheduled

May 7, 1957 is the date. New York City is the Place. The Second Semi-Annual Meeting of ASIM is the Big Event.

Although details of this meeting will be forwarded later to all members of ASIM, The National Insurance Buyer wishes to call it to your attention so you may mark it on your calendar as a Big Day in May.

BROWN, CROSBY & CO., INC.

**Serving insurance needs of Industry and Individuals for
over fifty years.**

Complete Brokerage Service for all types of Insurance.

Fire

Casualty

Marine

Fidelity and Surety Bonds

Life, Accident and Health

Pensions and Group Coverages

96 Wall St., New York City

Hanover 2-8400

Corporate Insurance Objectives

at

Ford Motor Company

By

**George W. Goslee, Assistant Manager
Insurance and Pension Department
Ford Motor Company**

The name of Detroit has always been synonymous with the dynamic automobile industry. Although Detroiters no longer like to think of their home as a "one-industry town," it must be admitted that the car makers (and their endless chain of suppliers) constitute the life blood of Detroit business as well as a significant part of the nation's economy.

As corporate insurance managers for a member of this fabulous industry, we like to "engineer" the various facets of our corporate program in much the same way as the development of a new car model is accomplished. Every new model must be designed and built to fit the desires, needs and pocketbook of the ultimate purchasers. The coverages under a corporate program must be molded in the same manner, thereby affording the most comprehensive protection being offered currently by risk carriers with a minimum of reporting and rating requirements. In addition, the insurance cost should be reasonable in relation to the risk involved.

Just as the insurance buyer may be likened to an engineer, the insurance producer should be compared to the car salesman. He should always make an earnest effort to satisfy the never-ending demands of his customers.

One of the foremost objectives at Ford Motor Company has been to obtain an all-risk, or multiple-peril, physical damage coverage which would encompass property, both real and personal, wherever located. This objective will be readily understandable to any insurance manager who has the task of protecting complex and far-flung operations, the scope of which is subject to daily change. In addition to obtaining such broad coverage, there are several other important features which we have desired to include in this package. One is that the preparation of periodic values reports would not be necessary once an initial exposure survey had been made.

Another is that renewal premiums would not be computed on changing values at risk, but would be the product of "normal loss experience" after application of a reasonable deductible amount. "Normal loss experience" in this sense would exclude large losses of a catastrophic nature. The premium calculation would include, of course, an adequate element for the occasional catastrophe loss so that the insurance carrier could buy reinsurance or establish proper contingency reserves.

There has been a seemingly slow but progressive movement in the insurance field toward the objective of providing simplified, yet

comprehensive, package policies. The breakdown of the old-fashioned risk divisions of fire, casualty and marine in favor of the multiple-line concept is an important step in this movement. As further evidence, there has been a rapid succession of so-called "all-risk" and "block" policies covering personal property on a multitude of commercial and industrial risk classes. The individual also has been a principal beneficiary of this trend, with the recent rash of "home-owner" policies being offered to cover his real and personal property.

* * *

It may be somewhat symbolic that the Manufacturers Output Policy form was designed originally for an auto manufacturer. Since the official appearance of this form in the early 1950's, it has been adapted to approximately 350 other risk classes. In fact, it was the advent of this form which enabled Ford's insurance managers to satisfy a major portion of their objective.

Just four years ago, we were able to procure a comprehensive, personal property floater which contained the standard provisions of the MOP form. In addition to the usual MOP cover on personal property located away from the manufacturing premises, this floater also provides coverage on personal property.
(More on page 44)

The Accident-Prone Personality

A Preliminary Study

by Thomas N. Jenkins

Safety engineers, in general, accept the view that accident liability is a product not only of improper working conditions but also of the individual human component described by Farmer and Chambers in 1926 as "accident-proneness." Though this term is one most generally used, in this paper accident-prone persons will also be referred to as accident- or injury-repeaters. The reason for the use of these designations is that the findings of the research project reported here were derived from a comparative study of production employees, half of whom had a history of repeated accidents and the other half no such record.

Many attempts have been made in the past to identify and measure the personal qualities which are associated with accident-proneness. So far, investigators have been fairly successful in determining and measuring relationships between accident-proneness and the sensory, motor, and mental abilities. Though these results have been useful, they have not provided employment managers or safety engineers with sufficient tools to identify the accident-prone applicant for employment.

On the other hand, attempts to identify and measure the personality factors or behavior tendencies closely associated with industrial accidents have hitherto been relatively unsuccessful. This failure may be due largely to the fact that, to date, psychological tests have failed to measure many important facets of personality.

To meet this shortcoming, we have, for the past 15 years, been carrying out a project designed to isolate and measure the primary factors of personality. So far as methods are concerned, this project has utilized such standard, refined statistical techniques as analysis

About the Author . . .

Dr. Jenkins is Director of Psychological Services, Executive Analysis Corporation, and Professor of Psychology at the Graduate School of Arts and Sciences, New York University. This paper is an expanded version of a report he presented at the 26th Annual Safety Convention of the Greater New York Safety Council.

of variance and the correlational procedures involved in multiple factor analysis. The psychological tests used in the study reported here were comprehensive or global in character. That is to say, they furnished measures of primary personality qualities over the entire personality sphere. The tests measured 131 primary personality factors and 52 indicators of occupational interests. Thus, comprehensive psychological tests of 183 measures of primary personality factors or non-abilities were used.

The study was undertaken by Executive Analysis Corporation in cooperation with 23 participating companies, of whom 21 were manufacturers of such products as light and heavy machinery, airplanes, helicopters, aircraft engines, tools, meters, and control and regulator instruments, textiles, chemicals and paints, and paper and paper products. The remaining two participants were an air force base and a utility company.

Safety engineers and personnel directors in the participating companies arranged for the personality and occupational interest tests to be given to matched pairs of individuals in various production, repair, maintenance, and construction jobs. Each injury-repeater was matched by a non-repeater doing

similar work. Since some jobs are more dangerous than others, the two groups were equated on the job for occupational risks

The results of this preliminary study are most promising. They indicate that many personality qualities are related to accident incidence, and that, unlike the special abilities, many of these primary personality factors are apparently quite generally related to accidents for all the occupations studied.

Trait Patterns That Were Found

The investigation shows that the measurable personality factors related to accident-proneness can be classified conveniently into seven trait patterns, or syndromes. It is possible that high scores in any single syndrome may identify an injury-repeater. Should the scores be high in all seven syndromes or sets of test scores, the greater is the assurance that the individual is accident-prone. These seven syndromes may be briefly summarized as follows:

1. *Injury-prone employees tend to be more distractible than safe employees.* The scores of the injury-repeaters tend to be significantly higher than those of safe workers on such factorial test scores as the following: introversion and extraversion, distractibility, talkativeness, and grandiose autisms. In other words, the injury-repeater is more readily distracted from the task immediately before him by his own thoughts, daydreams and musings, and by the sensations within his body (introversion, distractibility); by events and happenings going on near him (extraversion, distractibility); by his tendency to converse with others (talkativeness); and by repeatedly thinking about what he would do or what privileges he would enjoy if he were famous or in the "seat of authority" (grandiose autisms). Especially important is the fact that the injury-repeater's attention and concentration are more readily diverted from

(More on page 22)

EXPERIENCE...



Insuring American Industry
ROLLINS BURDICK HUNTER Co.

INSURANCE BROKERS AND AVERAGE ADJUSTERS

Principal offices: Chicago • New York • Detroit • St. Louis • San Francisco • Seattle • Boston • Montreal

Making Your Insurance Dollar — And Agent — Work For You

by

Robert C. Walker

Regional Manager for Ohio
Royal-Liverpool Insurance Group



ROBERT C. WALKER

About the Author . . .

Robert C. Walker is a member of the Legislative Committee of the Casualty Managers' Association of Ohio. He was president of the Indiana State Fire Prevention Association in 1935 and 1936, and president of the Indiana Fire Underwriters Association in 1937.

He served as chairman of the Governor's War Plant Protection Department for Marion County in Indiana during World War II in charge of the direction and supervision of damage of any kind and sabotage — particularly to 747 plants producing war materials.

A graduate of the Rose Polytechnic Institute at Terre Haute, Indiana (Bachelor of Science in Mechanical Engineering), he is currently Regional Manager for Ohio—Royal-Liverpool Insurance Group.

In common with the insurance man, the insurance buyer must constantly study and keep alert and know all about the complicated business of risks. Together we have a tremendously responsible task. Yours to see that your industries and businesses are kept safe and free from crippling loss and interruption — ours, on the Company side, to see to it that you have the facilities available to do the job, provided at lowest cost and still keep our own ships afloat.

Volumes have been written about these responsibilities. I doubt that it will be possible for me to bring to you many or any ideas you have not read or heard someplace before — but then like good sermons, some of the things you know already will stand hearing again and reemphasizing, hoping to shape up a clearer understanding of your part in the risk business. I, therefore, emphasize three major areas in your profession:

Company facilities available to you. Responsibilities of the Insurance Manager.

Your part in loss adjustment procedure.

It seems to me that a clear understanding of these functions should help considerably in the making of your insurance dollar — and your agent — work for you.

The remarks in this discussion will be limited mainly to Company facilities and your responsibilities.

* * *

Fire and Casualty Stock Insurance Company facilities available to the insurance buyer are many and varied:

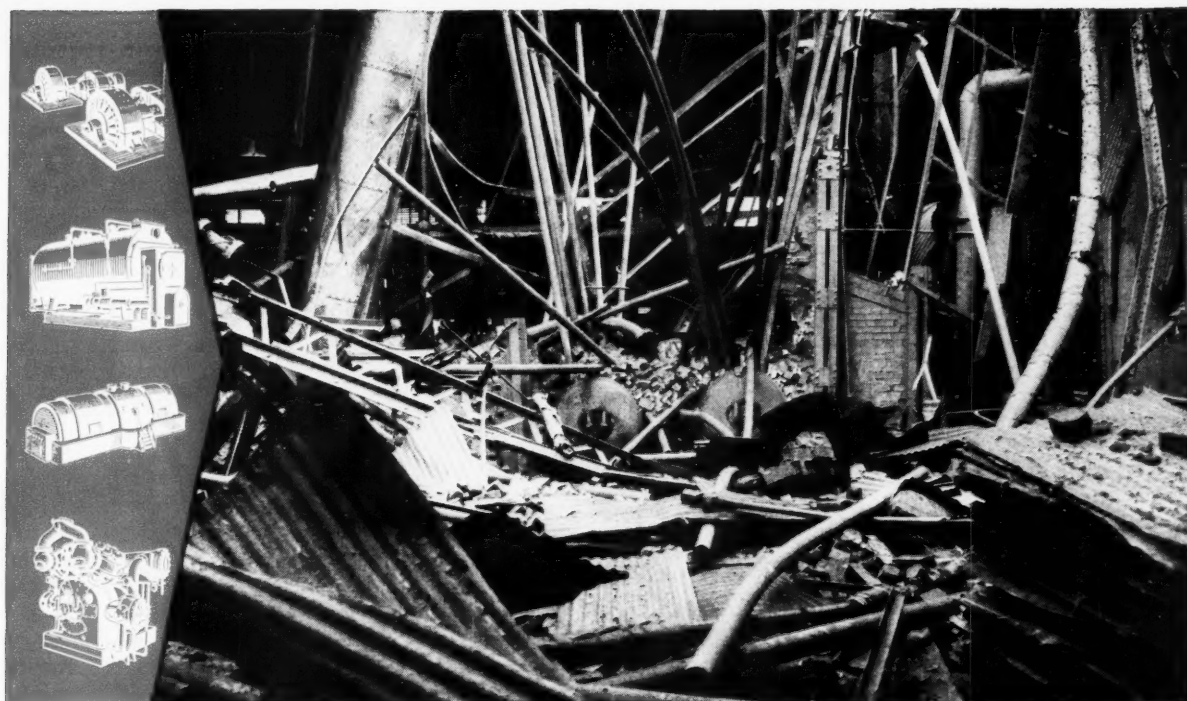
The companies are there. They are of unquestioned strength. Their assets are sound and large and they stand ready for your use. Except for a very few lines, these Companies are capable of absorbing the risk of American industry and are willing and eager to do so. The blanket of protection afforded is warm and safe and just about wide enough for all. Through the instrument of the American Agency System the capital stock companies have available for you one of the finest distribution organizations in the world.

In large cities there exist many departmentalized agencies and other well qualified concerns ready to bring you at instant call practically all of the facilities and services the companies offer. It is not necessary for you to trade in insurance at long distance and among many underwriters. The distribution point for all is at hand. The product is well packaged and ready for delivery by competent, well established, independent business men who want you as a local customer and will look after your interests carefully as such and cherish your account in intimate fashion.

To detail some of the more important technical facilities maintained by the Company and/or Agent and available to you through your agent: —

Survey and Analysis of Risk

Every major industrial concern or business must have this. It is what the physical check-up is to
(More on page 31)



When power dies violently, the funeral is expensive

When power goes on the rampage, it often causes a "chain reaction" which piles up costs. For example: a boiler explosion can destroy the boiler . . . damage other equipment . . . wreck the building . . . injure people . . . cause damage to adjacent property.

A costly death — but the funeral can be still *more* expensive because when power dies, wheels stop turning, plant output halts and earnings vanish.

A small part of any of these losses would buy a lot of protection . . . *insurance to keep power alive!*

When you insure your boilers and power machinery with Hartford Steam Boiler, you guard against these risks with specialized insurance coverage arranged with you to meet your needs *Before* your policy is issued; with accident prevention inspection service *During* the life of your policy; and with expert aid on-the-spot *After* an accident, if one should occur. Hartford Steam Boiler insurance provides this three-fold service—offers *extra value BDA*:

Before the policy is issued, the Company and its Special Agents — with specialized knowledge in power equipment insurance underwriting — are prepared to work closely with you and your agent in hand-tailoring coverage to conform to the particular needs of your plant.

During the life of the policy you will benefit through the Hartford Steam Boiler accident prevention services. Over 600 Company Field Inspectors, backed by regional engineering staffs, spend full time inspecting insured equipment to detect faulty conditions, and recommend steps to prolong the useful life of boilers and machinery.

After an accident, if one should occur, you will get prompt and capable on-the-spot assistance from Hartford Steam Boiler specialists *familiar with your equipment*, to promote quick and equitable settlement of claims and help speed rehabilitation.

This three-fold loss-prevention service is available to you now, in whatever form will give you the best protection. It is backed by a nationwide organization which has specialized in power plant insurance for 91 years.

Your own agent or broker can obtain this three-fold protection for you. Ask him about it — today.

THE HARTFORD STEAM BOILER
INSPECTION
AND INSURANCE COMPANY



Hartford 2, Connecticut

Remember, INSPECTION is our middle name

Credit Insurance

"A Phenomenally Profitable Field for Insurance"

by

James G. Sheehan

Associate Professor of Marketing

University of Cincinnati, Cincinnati, Ohio

Credit insurance is the indemnification of accounts receivable against losses occurring from the inability of debtors to pay amounts owed on open accounts. Retail accounts are not included, but the accounts of manufacturers, wholesalers and advertising agencies are generally insurable. Credit life insurance, which covers the life of a borrower, is not to be confused with the older, but less voluminous, casualty coverage under discussion.

An insight into the mechanics of credit insurance is necessary for an understanding of its profitability. Only "excess losses" are insured, meaning that the policyholders must bear a so-called "primary loss." The primary loss is based on a rate determined by the insurance company as representing the normally expected losses for a particular business. These rates were found to be abnormally high in most cases studied. A frequent cause of misunderstanding among policyholders was that the dollar amount of primary loss, which is prominent on the front-page of a policy, is only a minimum. This amount actually increases as sales increase, but does not decrease with a decrease in sales.

Exclusions from coverage are numerous, because premium charges and primary loss rates on lower rated accounts are so high that these accounts are not usually covered by policies. Thus, most coverage is on the best accounts where there is the least risk of bad-debt loss. Also, there are limits to amounts of coverage on single accounts, and "aggregate limits" of coverage on groups of accounts. Then, there is a "pro-rata" feature, which means that if an account is partially collected after it is turned over to an insurer, or after it becomes insolvent, then the amount collected will reduce the insurance

coverage in the proportion that the amount of coverage bears to the total owing on the account. For example, under these conditions, if \$1,000 were collected from an account owing \$3,000, which had insurance coverage of \$1,500, then the amount collected would be applied equally to the insurance company's interest as to the interest of the policyholder, and the insurance coverage to be considered in adjustment would then be only \$1,000.

It should be emphasized that most coverage applies not to accounts, but to credit ratings of Dun and Bradstreet, or a special mercantile agency. If a mercantile agency rating changes, an insured may find an account either not covered at all, or covered to a lesser extent than desired. The rating of a customer at the time of shipment, not the time of sale, generally governs the insurance coverage. Some individual accounts are insured by name, but the insurer retains the right to cancel further coverage on subsequent sales to these debtors.

The insurance applies only to covered and proved losses, thus the burden of proof is upon the policyholder, and he must pay all costs arising from disputed claims. From losses thus covered and proved is deducted a co-insurance of from ten to thirty per cent which also must be borne by the policyholder. Then the aforementioned "primary" loss is deducted from the remainder, if any, to ascertain the net amount due a policyholder at time of adjustment, which normally occurs from 30 to 90 days after the expiration of a policy year.

For adjustment purposes, only losses due to insolvency as defined in the policy are considered. This includes a debtor having absconded, died, been adjudged insane, been replaced by a receiver,

executed a bulk sale, surrendered his stock under chattel mortgage, made a general offer to creditors of less than his indebtedness, or when there shall have been an assignment, bankruptcy or an unsatisfied judgment. There are, of course, cases of uncollectible accounts that do not meet these conditions of insolvency. Insurers will consider as insolvencies accounts that are within ninety days past due when turned over to them for collection, and which later become uncollectible. Policyholders are charged by insurers for collections thus made, at rates similar to those of regular collection agencies. Yet, many policyholders find ninety days too soon to turn over accounts to collectors, for fear of losing good will. Besides, an account once filed with an insurer may not be withdrawn without loss of insurance coverage.

A more serious limitation is the time element. To be covered, an insolvency must occur during the term of the policy under which the claim for adjustment is made. Also, the sale must have been made within the policy term, or in a preceding term if specifically included in a renewal policy by rider at the option of the insurance company. The policyholder must notify the insurer within twenty days of "knowledge" of the occurrence of an insolvency. A report of a governing mercantile agency is presumed to constitute knowledge.

The usual credit insurance policy is actually much more complex than indicated above, with many "riders" attached. A policyholder is very unlikely to understand the techniques of credit insurance adjustment merely from reading a policy. The "face amount" of a policy, indicating total coverage, is actually of little significance because of the many more serious limitations to coverage.

Credit insurance policyholders total about three thousand American firms, who pay an average annual premium of approximately \$2,300. Insureds include many large and respected firms from all sections of the nation. One of the main reasons for purchases of these poli-

(More on page 28)



WHAT
DO YOU USE
TO MEASURE
LEADERSHIP...?

The tape measure may provide an accurate measurement of girth... but girth is no accurate measurement of leadership. In this highly technical age "close tolerances" are every-day standards... whether gauging the accuracy of a fine moving part in a precision instrument... or evaluating the services rendered by a business organization. The philosophy of Chubb & Son for almost three-quarters of a century is characterized by the development and expansion of the individual phases of its services... each a precision part of a precision function. Its leadership is the natural result of its "close tolerance" performance. Chubb & Son squarely meets today's exacting methods of gauging... a true measure of leadership.

CHUBB & SON, Underwriters

90 John Street, New York 38, New York

Managers

FEDERAL INSURANCE COMPANY • VIGILANT INSURANCE COMPANY
THE MARINE INSURANCE CO., LTD. • THE SEA INSURANCE CO., LTD.
LONDON ASSURANCE (MARINE DEPT.) • ALLIANCE ASSURANCE CO., LTD.

Ocean and Inland Marine • Transportation • Fire and Automobile • Casualty • Surety • Fidelity
Aviation Insurance through Associated Aviation Underwriters

Credit Insurance

"A Phenomenally Profitable Field for Insurance"

by

James G. Sheehan

Associate Professor of Marketing

University of Cincinnati, Cincinnati, Ohio

Credit insurance is the indemnification of accounts receivable against losses occurring from the inability of debtors to pay amounts owed on open accounts. Retail accounts are not included, but the accounts of manufacturers, wholesalers and advertising agencies are generally insurable. Credit life insurance, which covers the life of a borrower, is not to be confused with the older, but less voluminous, casualty coverage under discussion.

An insight into the mechanics of credit insurance is necessary for an understanding of its profitability. Only "excess losses" are insured, meaning that the policyholders must bear a so-called "primary loss." The primary loss is based on a rate determined by the insurance company as representing the normally expected losses for a particular business. These rates were found to be abnormally high in most cases studied. A frequent cause of misunderstanding among policyholders was that the dollar amount of primary loss, which is prominent on the front-page of a policy, is only a minimum. This amount actually increases as sales increase, but does not decrease with a decrease in sales.

Exclusions from coverage are numerous, because premium charges and primary loss rates on lower rated accounts are so high that these accounts are not usually covered by policies. Thus, most coverage is on the best accounts where there is the least risk of bad-debt loss. Also, there are limits to amounts of coverage on single accounts, and "aggregate limits" of coverage on groups of accounts. Then, there is a "pro-rata" feature, which means that if an account is partially collected after it is turned over to an insurer, or after it becomes insolvent, then the amount collected will reduce the insurance

coverage in the proportion that the amount of coverage bears to the total owing on the account. For example, under these conditions, if \$1,000 were collected from an account owing \$3,000, which had insurance coverage of \$1,500, then the amount collected would be applied equally to the insurance company's interest as to the interest of the policyholder, and the insurance coverage to be considered in adjustment would then be only \$1,000.

It should be emphasized that most coverage applies not to accounts, but to credit ratings of Dun and Bradstreet, or a special mercantile agency. If a mercantile agency rating changes, an insured may find an account either not covered at all, or covered to a lesser extent than desired. The rating of a customer at the time of shipment, not the time of sale, generally governs the insurance coverage. Some individual accounts are insured by name, but the insurer retains the right to cancel further coverage on subsequent sales to these debtors.

The insurance applies only to covered and proved losses, thus the burden of proof is upon the policyholder, and he must pay all costs arising from disputed claims. From losses thus covered and proved is deducted a co-insurance of from ten to thirty per cent which also must be borne by the policyholder. Then the aforementioned "primary" loss is deducted from the remainder, if any, to ascertain the net amount due a policyholder at time of adjustment, which normally occurs from 30 to 90 days after the expiration of a policy year.

For adjustment purposes, only losses due to insolvency as defined in the policy are considered. This includes a debtor having absconded, died, been adjudged insane, been replaced by a receiver,

executed a bulk sale, surrendered his stock under chattel mortgage, made a general offer to creditors of less than his indebtedness, or when there shall have been an assignment, bankruptcy or an unsatisfied judgment. There are, of course, cases of uncollectible accounts that do not meet these conditions of insolvency. Insurers will consider as insolvencies accounts that are within ninety days past due when turned over to them for collection, and which later become uncollectible. Policyholders are charged by insurers for collections thus made, at rates similar to those of regular collection agencies. Yet, many policyholders find ninety days too soon to turn over accounts to collectors, for fear of losing good will. Besides, an account once filed with an insurer may not be withdrawn without loss of insurance coverage.

A more serious limitation is the time element. To be covered, an insolvency must occur during the term of the policy under which the claim for adjustment is made. Also, the sale must have been made within the policy term, or in a preceding term if specifically included in a renewal policy by rider at the option of the insurance company. The policyholder must notify the insurer within twenty days of "knowledge" of the occurrence of an insolvency. A report of a governing mercantile agency is presumed to constitute knowledge.

The usual credit insurance policy is actually much more complex than indicated above, with many "riders" attached. A policyholder is very unlikely to understand the techniques of credit insurance adjustment merely from reading a policy. The "face amount" of a policy, indicating total coverage, is actually of little significance because of the many more serious limitations to coverage.

Credit insurance policyholders total about three thousand American firms, who pay an average annual premium of approximately \$2,300. Insureds include many large and respected firms from all sections of the nation. One of the main reasons for purchases of these poli-

(More on page 28)



WHAT
DO YOU USE
TO MEASURE
LEADERSHIP...?

The tape measure may provide an accurate measurement of girth... but girth is no accurate measurement of leadership. In this highly technical age "close tolerances" are every-day standards... whether gauging the accuracy of a fine moving part in a precision instrument... or evaluating the services rendered by a business organization. The philosophy of Chubb & Son for almost three-quarters of a century is characterized by the development and expansion of the individual phases of its services... each a precision part of a precision function. Its leadership is the natural result of its "close tolerance" performance. Chubb & Son squarely meets today's exacting methods of gauging... a true measure of leadership.

CHUBB & SON, Underwriters

90 John Street, New York 38, New York

Managers

FEDERAL INSURANCE COMPANY • VIGILANT INSURANCE COMPANY
THE MARINE INSURANCE CO., LTD. • THE SEA INSURANCE CO., LTD.
LONDON ASSURANCE (MARINE DEPT.) • ALLIANCE ASSURANCE CO., LTD.

Ocean and Inland Marine • Transportation • Fire and Automobile • Casualty • Surety • Fidelity
Aviation Insurance through Associated Aviation Underwriters

"Umbrella"

"Kitchen Sink"

"All Risk"

Special Risk Underwriting

by

L. F. Hawley

(speech before Chicago Chapter, ASIM, Seminar)

The printed announcement of this Seminar states that I am to speak to you on the subject of "Special Risks"—what exposures require "special risks" treatment, also "when" and "how" to negotiate for such insurance protection. This is rather a confusing assignment as, quite frankly, I am somewhat at a loss for an adequate definition of the term "Special Risks." I assume that the multiplicity of business operations represented here today must naturally present many hazards or exposures to be insured, which may be classified as "unusual" or "special." On the other hand, I have always felt that there is no hazard which cannot be insured if the underwriter of the insurance can receive adequate premium to compensate him for the risk assumed.

If you agree, then when there exists a bona fide insurable interest, it only remains to determine the degree of exposure, in order to determine a fair premium for the risk of capital undertaken. It is not always easy to resolve such questions, however, due to several factors.

Firstly, the unusual or special hazard existent in one particular business may not be insured frequently enough to provide any particular insurance market with sufficient spread of risk or sufficient loss experience to determine a reasonable or adequate premium.

Secondly, the risk to be insured may be of such a short duration as to be subject constantly to a total loss, with no recurrence in the future to enable the underwriter to gamble again if he has lost the first time. Those of you who have ever

shot "craps" will certainly agree that you never came away from the table a winner unless you occasionally doubled your bets at the right time!

Thirdly, since no individual is clairvoyant enough to foresee the future precisely, there is bound to be a constant difference of opinion between the buyer and seller of insurance, both as to the seriousness of the exposure and as to the possibilities of recurring claims.

"Umbrella Liability"

The unforeseeable perils of the present and future are what create the need for an adequate insurance program, devised to protect not only every conceivable risk but also those which may be unknown at the moment to any of the individuals involved in a given enterprise. Such protection has been introduced in recent years, and for lack of a better name has been referred to in the industry as an "Umbrella Liability" policy. This is usually written on a single limit basis covering both Bodily Injury and Property Damage Liability in amounts ranging from one to five million dollars. Since it literally covers all risks, thereby insuring the unknown hazards, it is written as excess insurance applying both in excess of an existing insurance program and when no insurance is carried on a particular exposure, then in excess of a substantial self-insured deductible. For those exposures which are not specifically insured, the assured is required to be a self-insurer for a minimum amount of \$25,000, which deductible of course may be increased upwards as required.

One of the interesting features of this relatively new form is the fact that it is written on what is known as an "occurrence" basis rather than a "per accident" basis, without any limiting definition of the word "occurrence." In addition to the customary "Bodily Injury" coverage contained in a standard Liability policy, this policy form has been extended to include "Personal Injuries" such as—"mental anguish", "false arrest", "discrimination", "libel", "slander", etc., but without limitation to these personal injuries specifically enumerated. Advertiser's Liability would also be included under this broad form coverage, which may present a contingent liability exposure to many of you. With respect to the Property Damage coverage, there is no exclusion as respects premises which may be leased, rented or used by the assured, nor with respect to property in the assured's care, custody or control. In the past these have been very definite exclusions in the customary Property Damage policy form of the average insurance company.

If the assured carries regular Workmen's Compensation Insurance, the "Umbrella Liability" policy provides Excess Employer's Liability insurance over the Employer's Liability limit contained in the Workmen's Compensation policy, or in the event that he is a self-insurer in this respect, then the "Umbrella" policy provides an additional layer of Excess Workmen's Compensation over any existing Excess Compensation which might be carried by the self-in-

(More on page 29)

INDEMNITY OF NORTH AMERICA

IS A LEADING MARKET

FOR EXCESS INSURANCE

Excess General Liability

Excess Workmen's Compensation and Employer's Liability

Excess Automobile Liability



EXTRA VALUE MAKES THE DIFFERENCE



*Protect what
you have* ©

INDEMNITY INSURANCE COMPANY OF

NORTH AMERICA

One of the North America Companies which are headed
by Insurance Company of North America, founded 1792

PHILADELPHIA

Dallas-Ft. Worth Chapter, ASIM Elects New Officers



Officers of Dallas-Ft. Worth Chapter, ASIM. From left to right: T. T. Redington, Jr., vice-president; Harold Palmer, secretary; Annetta Johnson, treasurer; and D. C. Morris, president.

D. C. Morris, Assistant Secretary of Chance-Vought Aircraft, Inc., has been elected president of Dallas-Ft. Worth Chapter of the American Society of Insurance Management, Inc.

Serving with Mr. Morris for the ensuing term are: T. T. Redington, Jr., of Dresser Industries, Inc., as vice president; Harold Palmer of The Frito Company, as secretary;

and Miss Annetta Johnson of The Murray Company of Texas, Inc., as treasurer.

Although Dallas-Ft. Worth Chapter is one of the newest chapters in the American Society of Insurance Management, Inc., it is one of the most active and progressive. The National Insurance Buyer will honor this chapter in its July 1957 issue.

Central Illinois Chapter, ASIM, and Illinois Wesleyan University Jointly Sponsor Seminar

On March 29th on the Illinois Wesleyan University campus at Bloomington, Illinois, there will be a one-day seminar jointly sponsored by Central Illinois Chapter of the American Society of Insurance Management, Inc., and Illinois Wesleyan University.

As we go to press, the program has not been completed as far as speakers are concerned. However, we will cover the seminar in the May issue of The National Insurance Buyer.

Among the subjects to be discussed are:

- "The Commercial Block Policy"
- "What a Broker Expects of a Risk Manager"
- "Bodily Injury Awards — Where Are We Going"
- "Function of a Corporate Insurance Department"
- "Creative Suretyship"

This seminar is one of many sponsored jointly by the American Society of Insurance Management, Inc., and prominent universities and colleges. It is in keeping with the education program which Frazier S. Wilson, president of ASIM, has made a vital part of his administration.

Chicago Chapter, ASIM Elects Casimir Z. Greenley President

At the annual meeting and election of officers of the Chicago Chapter of the American Society of Insurance Management, Inc., on Thursday, February 21, 1957, Casimir Z. Greenley, of International Minerals & Chemical Corporation was elected president.

Those who will serve with Mr. Greenley for the ensuing term are: Richard E. Blakley, The Tribune Company, Miss Ann Auerbach of Goldblatt Bros. Inc., re-elected secretary; and Mr. Geoffrey J. Burns, Continental Illinois National Bank & Trust Company of Chicago, re-elected treasurer.

The following members were elected Directors to serve for a three year term: L. R. Butzen, Montgomery Ward & Company; Eugene E. Williams, Collins Radio Company (Cedar Rapids, Iowa); and E. R. Zimmerman, American Bakeries Company.

W. R. Tucker, Jr., of the Pure Oil Company was elected to replace E. T. Berquist of the Pure Oil Company, resigned, for the unexpired term which ends in March 1959.

C. Henry Austin of Standard Oil Company (Indiana) is the outgoing president and remains a Director of the American Society of Insurance Management, Inc.

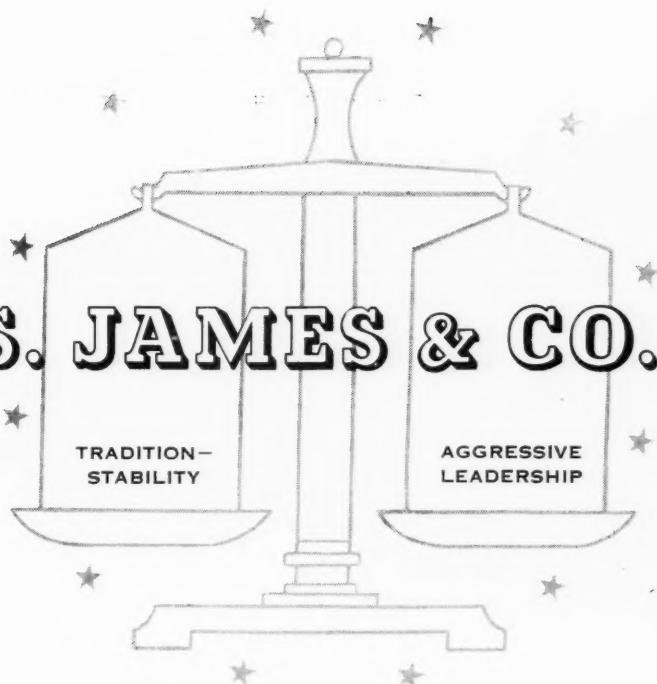
Basic Fire Protection Factors Stressed by Central Illinois Chapter, ASIM

Central Illinois Chapter, ASIM held its regular monthly meeting on Feb. 14 at Funk Brothers Seed Company in Bloomington, Ill.

The evening's program was highlighted by an address presented by F. J. Zeleny, assistant chief engineer, Factory Insurance Association. Mr. Zeleny discussed the importance of basic factors involved in fire protection. Particularly stressed was the importance of training employees to properly use fire extinguishing equipment and otherwise act efficiently in time of emergency.

Following Mr. Zeleny's address, a movie, "The First Five Minutes," was shown.

FRED. S. JAMES & CO.



Chicago
New York
Philadelphia
Buffalo
Pittsburgh
Minneapolis
Portland
Seattle
Los Angeles
San Francisco

London

- ... A fully equipped national organization with highest quality analysis, marketing, underwriting, and hazard control services.
- ... Small enough to guarantee direct personal attention from the most experienced *working* executives and technicians.
- ... You can know the whole team at

FRED. S. JAMES & CO.

INSURANCE BROKERS AND CONSULTANTS / *Since 1858*

GENERAL OFFICES • CHICAGO • ONE NORTH LASALLE

THE VALUE OF AN INSURANCE DEPARTMENT TO A CORPORATION

by
Charles B. Stauffacher, Vice President — Finance
Continental Can Company, Inc.

(Speech delivered before New York Chapter, American Society of Insurance Management, Inc.)

I feel very honored to be on the speaker's rostrum today. I also feel that I am a bit out of my regular field which has been directed primarily to budgetary, control, and financial management topics in corporate affairs.

At the moment, in Continental Can Company, we are in the process of integrating the staff and corporate functions of the former Hazel-Atlas and Robert Gair companies. Thus, we are especially aware of the ramifications of organizational concepts and practices since these are involved in both planning and staffing our new, combined structure. We also have found — within these three companies — some differences in organizational and operating concepts which, in themselves, raise questions as to the proper course in outlining a new corporate pattern. I hope to touch on a few of these points later as they concern our insurance program.

* * *

Our insurance manager suggested that I read some of the numerous booklets relating to corporate insurance. Running through the articles is a very familiar language which marks the conscious development of a new, or relatively new staff group, working in a field with acknowledged professional qualifications. As the size and complexity of corporate activities has increased, so has the number of staff groups who administer specific phases of corporate management.

Similar comparisons could be drawn in budgetary, industrial relations, public relations and many other areas. And, it is a particularly happy circumstance in American



Charles B. Stauffacher
Vice President — Finance
Continental Can Company, Inc.

About the author . . .

Charles B. Stauffacher is a graduate of Pomona College and Harvard University. He served with the Bureau of the Budget as Executive Assistant Director and was later appointed Staff Director of the Office of Defense Mobilization as Assistant to Charles E. Wilson.

He was promoted to Vice President — Finance — of Continental Can Company, Inc., in December of 1954.

economic life that our gregarious nature makes possible, or almost mandatory, that we organize societies and associations where men who are engaged in common tasks may exchange facts and ideas — receive the stimulus which is derived from discussion of common problems for the purpose of defining the functional responsibilities, terminology, and practice which marks a professional group.

I have followed this discourse because I wish to make the point that from a general corporate management viewpoint, the insur-

ance department is one of a number of staff activities of sufficient size, structure, and importance to have identification.

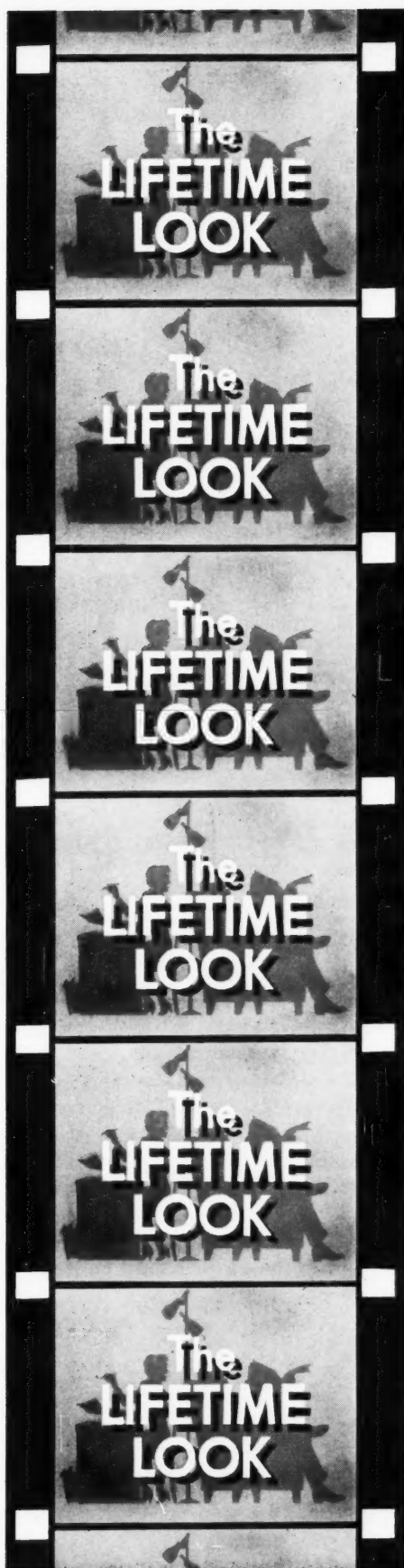
The general requirements for the manager of that department (again viewed from an overall picture) are that he be able to practice in terms of the insurance field almost the exact management skills which would be expected from a key department head in other staff departments, such as purchasing, traffic — or any others.

* * *

The corporate insurance manager must have a competent grasp of his particular subject. He must have a broad understanding of company policies and activities, be able to translate these activities into terms of his area of subject, and vice versa. He must keep abreast of developments both within the company and within his technical sphere and he must understand the significance of each in terms of the other.

He must maintain the contacts within the company and within his professional group in order to permit effective operation. He must contribute to the processes and procedures of company planning the special requirements or opportunities of his technical area. He must initiate proposals for company action within his field. He must plan — outline the company program within his area and be able to project its probable development. He must anticipate the effect of possible alternate courses of action in given situations so that he may be prepared for questions which will inevitably be asked of him. He must be a guardian of company interests within a scope where he must be the best informed company man.

(More on page 41)



**Hear...see...feel...
the impact of
group benefits**

... in a dynamic new motion picture in full color! This moving, realistic film shows management how to get the greatest return on its investment in group insurance and pensions through improved employee attitude and added work effectiveness.

Fair warning: this movie, "THE LIFETIME LOOK," is going to be talked about because it adds such a dramatic new sales dimension to group benefits.

If you'd like to see . . . or use . . . "THE LIFETIME LOOK," just call our local office or your own insurance man. Or write Connecticut General Life Insurance Company, Hartford 15, Connecticut.

**CONNECTICUT
GENERAL**

Roy A. Balling Is Installed As President of Southern California Chapter

Installation of Officers and Ladies Night Is Featured



Officers of Southern California Chapter, ASIM — Left to Right: Roy A. Balling, President; William E. Reimer, Vice President; George P. Kohl, Secretary; M. J. Bowman, Treasurer.

The annual get-together for WIVES and members of Southern California Chapter, ASIM was held on February 20, 1957 at a dinner meeting of the chapter.

Installation of Officers was held with Joe T. Parrett, first vice-president of ASIM, as Master of Ceremonies. The new officers are: Roy A. Balling, Northrop Aircraft, Inc., president; William E. Reimer, Carnation Company, vice president; George P. Kohl, California Bank, secretary; and M. J. Bowman, American Potash & Chemical Company, treasurer.

Directors are: Lawrence Bunch, Griffith Company; William Barger, Mission Appliance Corporation; Charles S. Taylor, Hughes Aircraft Company; Mrs. Marguerite L. Welsh, Hammond Lumber Company; Forest Lofgren, Forest Lawn

Company; and Harvey Humphrey, past-president.

The speaker for the evening was William H. Thompson, Jr., Safety Consultant for Kemper Insurance Company, whose subject was "How Safe Are We At Home?" One of the West's most humorous speakers, for 20 years Mr. Thompson was with Fibber McGee and Mollie, where he created the characters of Wallace Wimple, the Old Timer, Horatio Boomer, Nick De Popolous, and the street car conductor. He presented his topic spiced with hilarious humor which left an indelible impression. It was just the sort of talk for wives and members to enjoy.

The "Copcats" climaxed the evening with sketches of "Comedy In Pantomime."

Coast Service Company Promotes Robert S. Smiley

Robert S. Smiley, a member of Northern California Chapter of the American Society of Insurance Management, Inc., has been promoted from vice president to president of Coast Service Company, a

Transamerica Corporation subsidiary.

The Board of Directors also named H. W. Pedersen as vice president of Coast Service Company, upping him from secretary. Mr. Pedersen is also a member of Northern California Chapter, ASIM.

Houston Calling

Houston Area Insurance Buyers Association, ASIM, is calling to the attention of all corporate insurance managers that on April 10, 1957 at the Shamrock-Hilton Hotel, there will be a one-day program on "Corporate Risk Management."

Among those participating in the conference are N. D. Holman, Superintendent of Insurance, Natural Gas Pipeline Company of America; Robert W. Strain, Associate Professor of Insurance, University of Texas; Joe T. Parret, Insurance Manager, Carnation Company, and Paul Stickler, Manager, Insurance Department, Reynolds Metals Company.

W. H. Clem of Schlumberger Well Surveying Corporation is general chairman and extends a cordial invitation to all ASIM members to come to Houston on April tenth.

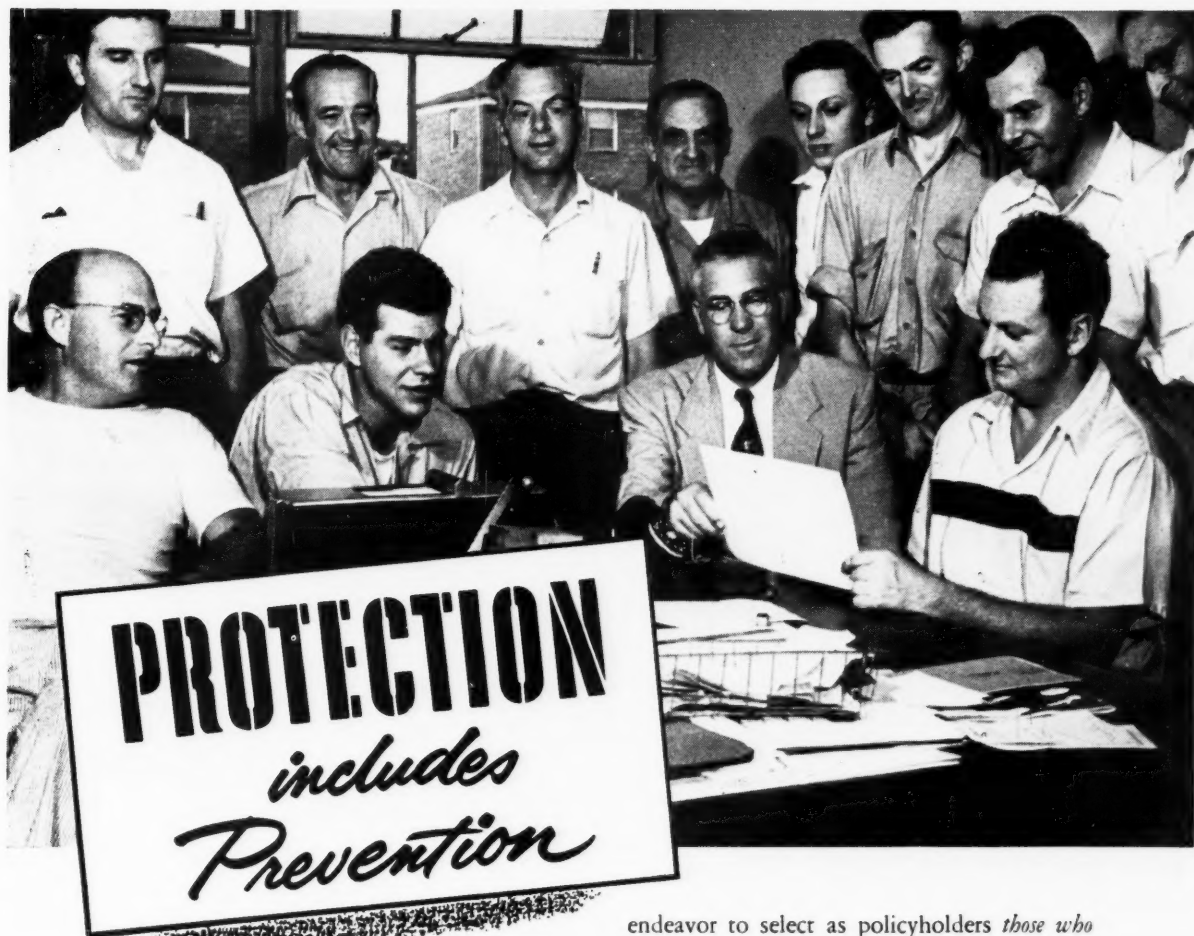
Arthur V. Roberts Addresses Maryland Chapter, ASIM

Arthur V. Roberts, Assistant Secretary of the Citizens Casualty Company of New York was the guest speaker at the February meeting of Maryland Chapter, ASIM.

Mr. Roberts has been a member of Lloyd's brokerage firm in London, specializing in the placement of American insurance in the London market. Later he became an Underwriting Member of Lloyd's and came to New York in 1955.

His subject was "Selecting an American Broker for Foreign Risks."

Mr. Roberts was also a guest speaker at the Risk Management Institute at The University of Connecticut last fall, co-sponsored by the University of Connecticut and the American Society of Insurance Management, Inc. He made a fine impression upon the registrants when he spoke on "Placing the Special Risk in the Overseas Market."



Constant vigilance against accidents is best fostered by regular reviews of problems and hazards . . . and the methods and equipment used to combat them. The Kemper Companies' corps of skilled safety engineers make it an essential practice to initiate and conduct discussions on safety for plant supervisors among the firms they insure.

The scene above is typical: safety engineer P. F. Pickett (seated, second right) goes over a report on a current problem with plant supervisors.

This service typifies the efforts constantly maintained by the Kemper Companies on behalf of policyholders. In fact, the companies

endeavor to select as policyholders *those who are interested in reducing losses*. Prevention means savings for Kemper policyholders: the fewer losses, the more money is available for dividends.

This philosophy of "protection means prevention"—and savings—is a basic tenet of the Kemper Companies on such lines as Automobile, Fire, Workmens Compensation, General Liability, etc. As a result, the companies have paid dividends to policyholders since organization . . . thus lowering insurance costs. Furthermore, Kemper Insurance means policyholders get local agency service, since the companies *write exclusively through agents and brokers*. For further details see your broker or the nearest representative of the companies listed below.

Lumbermens . . . *MUTUAL CASUALTY COMPANY*

American **MOTORISTS INSURANCE COMPANY**

AMERICAN MANUFACTURERS **MUTUAL INSURANCE COMPANY**

Divisions
of
KEMPER
Insurance
Chicago

BRANCHES IN: ATLANTA • BOSTON • COLUMBUS • DALLAS • LOS ANGELES • NEW ORLEANS • NEW YORK • PHILADELPHIA • SAN FRANCISCO • SEATTLE • SUMMIT • SYRACUSE • TORONTO



J. Doyle Pigg
President of Oregon Chapter, ASIM

J. Doyle Pigg is Elected President of Oregon Chapter

J. Doyle Pigg, of Lipman Wolfe & Company, Portland, has been elected president of Oregon Chapter, ASIM.

The other officers are: L. E. Forsythe of The United States National Bank as vice-president; and Robert S. Horning of Mail-Well Envelope Company who retains his title of secretary-treasurer for another term.

The outgoing president is Arthur K. McNett of Jantzen, Inc., Portland, Oregon.

ASIM Members Are Discussion Leaders at University of Wisconsin Program

"Insurance for Industry Workshop" is the program set up by the University of Wisconsin for March 26, 27, 28, on the University campus at Madison, Wisconsin.

On Tuesday, March 26th, Frank H. Reighard, Industrial Management Institute of the University of Wisconsin, will welcome the delegates and at 2 P.M., C. Henry Austin, Insurance Manager for Standard Oil Company (Indiana), will lead a discussion on "The Insurance Manager's Job."

At 6 P.M. there will be a dinner meeting at the Park Hotel in Madison at which time Paul J. Rogan, Commissioner of Insurance for the State of Wisconsin will be the principal speaker.

On Wednesday, March 27th, B. E. Kelley, Manager of the Insurance Department for United States Plywood Corporation will lead a discussion on "Deciding What and How to Insure" (morning session); and in the afternoon session, Mr. Kelley will supervise a discussion on "Deciding How Much Insurance to Buy."

On Thursday, March 28th, in the morning session, R. F. Boettcher, Insurance Manager for Geo. A. Hormel & Company, will be the discussion leader on "The Package Comprehensive Health Insurance Program" and in the afternoon session, the discussion leader is Casimir Z. Greenley, Insurance Manager for International Minerals & Chemical Corporation, whose subject for discussion will be "Deciding Who to Buy the Coverage From."

Plans for this three day seminar have been worked out by the American Society of Insurance Management, Inc., and Charles C. Center, Professor of Insurance at the University of Wisconsin.

Mr. M. C. Peterson of Wisconsin Electric Power Company is a Director of ASIM; Mr. C. Henry Austin is a Director of ASIM from Chicago Chapter; Mr. B. E. Kelley is past president of ASIM; Mr. R. F. Boettcher is a regional vice-president of ASIM; and Mr. C. Z. Greenley is president of Chicago Chapter, ASIM.

Minnesota Chapter Establishes an Education and Research Committee

In a continuing effort to improve and make Minnesota Chapter of the American Society of Insurance Management, Inc., of greater service to its membership, the Board of Directors established an Education and Research Committee.

The Committee's primary purpose is to provide the membership with facilities for securing information on insurance problems and questions. The underlying thought is that there is probably no aspect of insurance on which an answer

or opinion cannot be obtained, either from one of the Committee members or the membership. In most instances the Committee will probably rely on its own resources. In certain other cases some member may be contacted by the Committee for assistance because of his particular experience in connection with a specific problem.

Questions or problems may be submitted in writing to the Committee Chairman or verbally at a monthly meeting. (Questions sub-

mitted at the time of monthly meetings have the additional benefit of being informative to the rest of the membership present.)

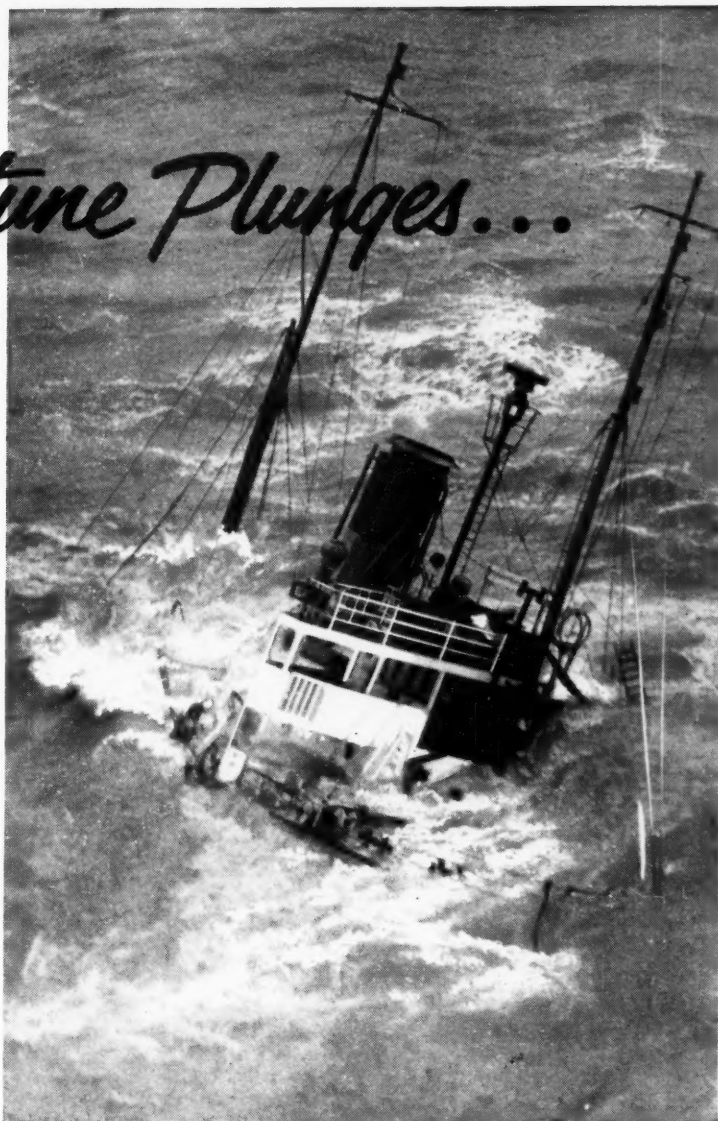
The Chairman of the Committee is Harry L. Davis, General Mills, Inc., 400 Second Avenue South, Minneapolis 1. Members of the Committee are Carl Homer, Minnesota & Ontario Paper Company, and Allen Brosius, Minneapolis-Honeywell Regulator Company.

The functions of the Committee may be expanded at a later date to involve such areas as: reports on new insurance developments; new publications, etc., announced K. N. Cervin, president of Minnesota Chapter, ASIM.

When a Fortune Plunges....

... There's only one kind
of cargo insurance protection
you want—the finest.

Protection through
MARINE OFFICE OF AMERICA
means your shipping investments
are safeguarded by
strong, century-old companies
with the experience
and the means to settle
just claims anywhere,
quickly and dependably.



Consult Your Local Insurance Agent or Broker



MARINE OFFICE OF AMERICA

116 JOHN STREET, NEW YORK 38, NEW YORK

MEMBER COMPANIES:

THE AMERICAN INSURANCE COMPANY • THE CONTINENTAL INSURANCE COMPANY • FIDELITY-PHENIX FIRE INSURANCE COMPANY
FIREMEN'S INSURANCE COMPANY • GLENS FALLS INSURANCE COMPANY • THE HANOVER FIRE INSURANCE COMPANY
NIAGARA FIRE INSURANCE COMPANY

—OFFICES—

NEW YORK • CHICAGO • NEW ORLEANS • SAN FRANCISCO • HOUSTON • TORONTO
Atlanta • Baltimore • Boston • Cleveland • Dallas • Detroit • Indianapolis • Jacksonville • Los Angeles • Louisville
New Haven • Philadelphia • Pittsburgh • Portland • Raleigh • Richmond • St. Louis • Seattle • Stockton • Summit • Syracuse

Accident-Prone

(From page 6)

the job before him both by disturbances generated within himself and by what is going on around him.

2. *Accident repeaters show less personal restraint than do non-repeaters.* The test scores of repeaters differ significantly from those of non-repeaters with respect to such factors as: cautiousness, or a tendency to take prudent account of the risks or dangers involved in a given course of action; personal recklessness, or a tendency to take risks potentially dangerous to one's person; impolitic frankness, or assuming the risk of telling others unpleasant or disagreeable interpretations that hurt or embarrass; and a tendency to break minor rules or regulations, which the injury-repeater seems to feel are too unimportant to respect.

3. *The injury-repeater is inclined to be more negative and independent than the safe worker in his attitude toward other people.* He tends to get higher scores than the non-repeater, for example, with respect to unwilling cooperativeness, that is, a tendency to cooperate only when he secures tangible benefits for himself. He is more prone to be aggressively outspoken in dealing with others. He is also more inclined to act differently from others for the sake of being a non-conformist. He makes much lower scores, moreover, than the non-repeater with respect to control of his feelings when he is frustrated and feels upset or angry.

4. *The accident-prone person tends to obtain lower scores on those personality traits which may be classed under the heading of sensitivity.* The repeater, for instance, tends to be less hypersensitive than the non-repeater; that is, his feelings are not so easily hurt. He is also more inclined to be bold and brazen in public and face-to-face situations. He is much less likely to feel guilty, embarrassed, or ashamed of some of his activities or thoughts than the non-repeater. In other words, it is usually more

difficult to appeal to his feelings and sensibilities.

5. *The accident prone person reacts differently to pain.* In this study, injury-repeaters tended to get significantly higher scores on tests related to painful stimuli and painful punishment by others. In other words, injury-repeaters do not mind being in pain as much as non-repeaters. Furthermore, some injury-repeaters obtained test scores which indicated that they actually derive some satisfaction from the pain of minor injuries or got something of a thrill out of being hurt by others.

6. *Accident-prone persons tend to differ from safe workers with respect to feelings of superiority, inferiority, and mental adequacy.* The injury-repeater is more likely to feel confident that he can cope with the difficulties of the job and everyday problems, though his relatively high injury rate indicates that this confidence may be unwarranted so far as working safely is concerned. Perhaps related to this tendency are the injury-repeater's lower test scores on generalized or free-floating feelings of inferiority. Instead, he has the stronger emotional need to feel and act superior to other people. This syndrome of test scores is another indication of the emotional immaturity of the injury-repeater.

7. *The pattern of scores for the social orientation of the repeater also differs significantly from that of the non-repeater.* This syndrome of scores strongly suggests that the injury-repeater feels a stronger need to attract attention than the safe worker. For instance, he tends to obtain higher scores on such behavioral characteristics as taking the initiative in face-to-face encounters, seeking the spotlight when he is with a group, taking the lead in attempts to get a group moving toward some immediate goal or action, and talking to others. This pattern is also clearly revealed with respect to a variety of occupational interest scores. The repeater tends to propagandize,

and hence exhibits more zeal for "spreading the message" of some cause or other. In this connection, it is also interesting to note, first, his higher scores for interest in retail selling or selling to persons who come into a store to shop; and second, his higher scores for the type of personal selling in which the salesman enjoys out-talking his prospect and answering gibes and objections, somewhat like a pitchman or an aggressive house-to-house salesman. He also tends to be higher on what might be called power interests. Examples of this are his interest in disciplinary vocations, his greater dependence upon rules and prohibitions with which to legislate behavior, and a greater tendency to be arbitrary in deciding that actions or policies are all right or all wrong.

Next Steps

The fact that certain patterns of behavior characteristics seem to be general for all occupations covered in this investigation shows that it should be possible to develop a reasonably short practical test for the measurement of accident-proneness. Accordingly, the investigation is now being extended to a larger number of production employees, more jobs, and additional companies. With a broader base, we can be more certain of the general applicability of these findings — a necessary foundation on which to build an adequately valid and reliable test of accident-proneness.

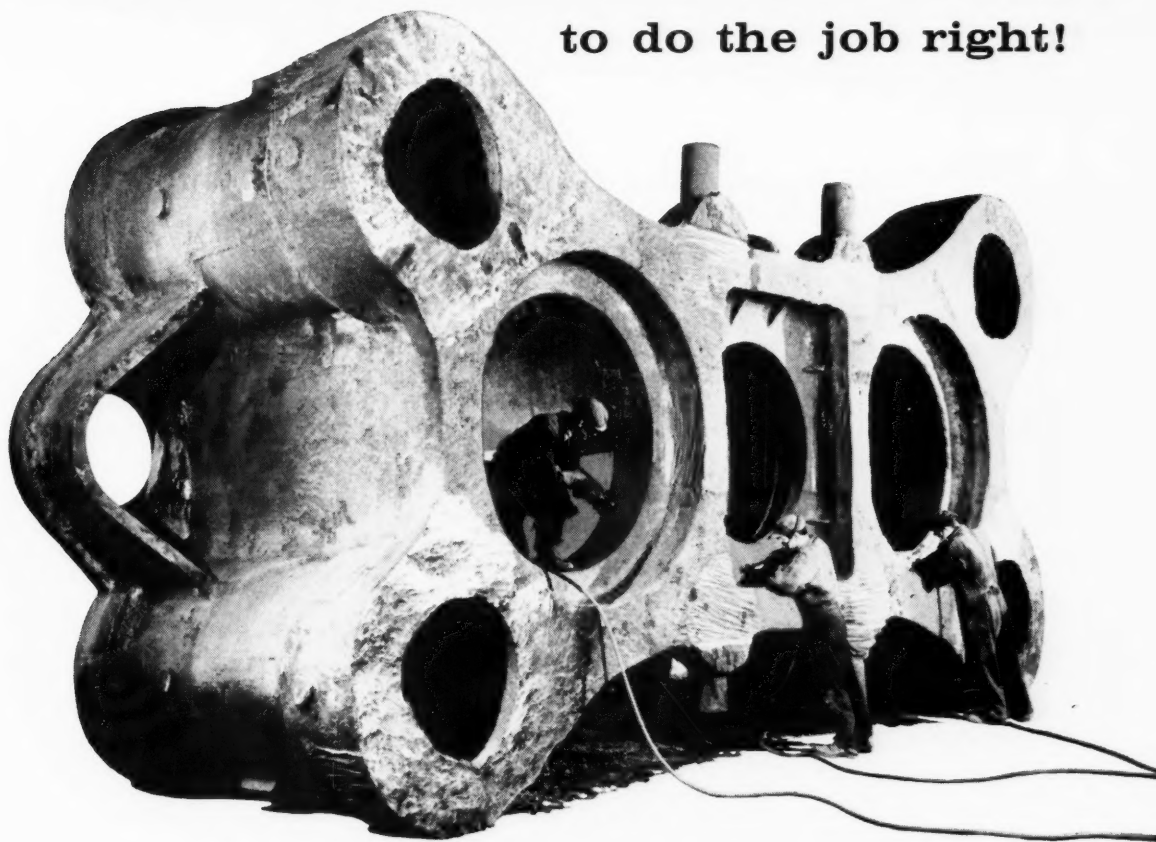
* * *

(By permission of Executive Analysis Corporation, 76 Beaver Street, New York 5, N. Y.)

COST . . . The nation's 1956 bill for accidents added up to 95,000 killed, 9,450,000 injured and almost \$11 billion in cash losses, according to the National Safety Council. NSC said the motor vehicle held its place as the No. 1 accident killer. The traffic toll was figured tentatively at 40,000 deaths.

SIZE and STRENGTH

to do the job right!



That's what you get when you place insurance protection on your overseas properties in the hands of the American Foreign Insurance Association.

More than two thousand carefully trained employees in offices located in 69 foreign countries stand ready to

serve you. Twenty-two of America's outstanding capital stock insurance companies, members of AFIA, stand behind the protection you buy.

To be sure your protection is right, ask your agent or broker to bring your foreign insurance problems to AFIA.



AFIA

AMERICAN FOREIGN INSURANCE ASSOCIATION

161 William Street • New York 38, New York

CHICAGO OFFICE...Insurance Exchange Building, 175 West Jackson Blvd., Chicago 4, Illinois
DALLAS OFFICE.....400 Vaughn Building, 1712 Commerce Street, Dallas 1, Texas
LOS ANGELES OFFICE3277 Wilshire Boulevard, Los Angeles 5, California
SAN FRANCISCO OFFICE...Russ Building, 235 Montgomery Street, San Francisco 4, California
WASHINGTON OFFICE....Woodward Building, 733 15th Street, N.W., Washington 5, D.C.

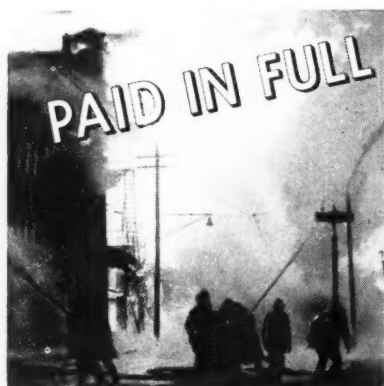
An association of 22 American capital stock fire, marine, casualty and surety insurance companies providing insurance protection in foreign lands

Cincinnati Chapter ASIM Hears Talks on Pension Plans

The Cincinnati Chapter of the American Society of Insurance Management, Inc. was addressed at the February meeting by a panel of speakers who discussed pension and group plans of insurance.

William T. Earls, president of Pension and Group Consultants, Inc., was the moderator, and was ably assisted by Russell L. Millman, James P. Walsh and George R. Ratterman of his firm.

The presentation included a discussion of pension plans for large companies, meaning the employers of large numbers of employees, and a discussion of what plans are best suited to their needs. Trustee plans and insured pension plans were analyzed by the speakers, and the audience was shown how they could best utilize either of these plans. Variable annuities was also discussed.



Proof of loss is simpler with an American Appraisal

An American Appraisal report compels acceptance because it is complete in every detail, because it is supported by factual evidence, because it represents valuation principles that command respect.

The AMERICAN APPRAISAL

Company

leader in property valuation

HOME OFFICE: MILWAUKEE 1, WIS.

Insurance Hall of Fame is Established at Ohio State University

Establishment of an Insurance Hall of Fame at Ohio State University, under the joint sponsorship of the university and the Charles W. Griffith Memorial Foundation for Insurance Education, was announced by President Novice G. Fawcett and Ben F. Hadley of Columbus, president of the Griffith Foundation.

Selection of those to be honored was made by a Board of Electors comprising 45 distinguished insurance leaders in the U.S. and Canada. A total of 135 living and deceased insurance leaders were considered by the electors for this honor, with a series of two ballots submitted to narrow the list to the three.

Factors considered by the electors in making their selections included: Original thinking and development of innovations in insurance theory and practice; Contributions to insurance literature; Recognition as an authority in his field; Public service; Previous honor awards in his profession; Service to insurance organizations of a professional character; and Honorary degrees conferred.

Those inducted into the Hall of Fame will receive a medal being prepared by a noted sculptor. In addition, their names will be inscribed on a scroll which will be prominently displayed in Hagerty Hall on the Ohio State campus, home of the College of Commerce and Administration where insurance majors are taught. Their pictures, along with a review of their contributions, will be on display permanently to students in the college.

Represented on the Board of Electors are three segments of interest: those designated as public members, those representing the life and disability phase of the insurance business, and those chosen from the property-liability area. All were selected on the basis of their own contributions to the insurance business and the diversification they represented.

Members of the American Society of Insurance Management, Inc., serving on the Board of Electors for the Insurance Hall of Fame are: Ralph H. Blanchard, Paul H. Schindler, Dr. Robert I. Mehr, Laurence J. Ackerman, and Russell B. Gallagher.

Three-year terms — Public members are: Clarence Axman, editor, The Eastern Underwriter; Dr. Ralph H. Blanchard, professor of insurance, Columbia University; Dr. S. S. Huebner, emeritus professor of insurance, University of Pennsylvania; August Pryatel, Superintendent of Insurance; and Paul H. Schindler, insurance manager, The Youngstown Sheet and Tube Co.

Four-year terms — Public members are: T. J. V. Cullen, editor, The Spectator; Dr. Erwin A. Gaumnitz, dean, School of Commerce, University of Wisconsin; Roger Kenney, insurance editor, United States Investor; Dr. Robert I. Mehr, professor of economics, University of

Illinois; and James C. O'Connor, executive editor, The National Underwriter Company.

Five-year terms — Public members are: Laurence J. Ackerman, dean, School of Business Administration, University of Connecticut; Dr. Edison L. Bowers, chairman, Department of Economics, Ohio State University; Kenneth O. Force, executive editor, The National Underwriter; Russell B. Gallagher, manager, corporate insurance, Philco Corporation; and Dr. C. Arthur Kulp, dean, Wharton School of Finance and Commerce, University of Pennsylvania.

Three-year terms — Life and disability insurance members are: Hugh S. Bell, general agent, Equitable Life Insurance Co. of Iowa; Paul F. Clark, president, The John Hancock Mutual Life Insurance Co.; Edwin J. Faulkner, president, Woodmen Accident and Life; M. Albert Linton, chairman of the board, Provident Mutual Life Insurance Co. (More on page 25)

Hall of Fame

(From page 24)

surance Co.; and Walter O. Menge, president, The Lincoln National Life Insurance Co.

Four-year terms — Life and disability insurance members are: Judd C. Benson, manager, The Union Central Life Insurance Co.; Ralph G. Englesman, sales consultant; J. F. Follmann, Jr., director of research, Health Insurance Association of America; W. Sheffield Owen, vice president, Life Insurance Company of Georgia; and Eugene M. Thoré, counsel, Life Insurance Association of America.

Five-year terms — Life and disability insurance members are: R. Leighton Foster, Q.C., managing director, The Canadian Life Insurance Officers Assoc.; Davis W. Gregg, president, The American College of Life Underwriters; Holgar J. Johnson, president, Institute of Life Insurance; Dr. S. Rains Wallace, Jr., director of research, Life Insurance Agency Management Assoc.; and Charles J. Zimmerman, president, Connecticut Mutual Life Insurance Co.

Three-year terms — Property-liability insurance members are: S. Bruce Black, chairman of the board, Liberty Mutual Insurance Co.; Clayton G. Hale, The Hale and Hale Co.; Vestal Lemmon, general manager, National Association of Independent Insurers; John Henry Martin, manager, Standard Forms Bureau; and Hartley D. McNairn, Q.C., M.B.E., general manager, The Prudential Assurance Company Limited of England.

Four-year terms — Property-liability insurance members are: John A. Diemand, president, Insurance Company of North America; Henry K. Duke, insurance consultant; James S. Kemper, chairman of the board, Lumbermens Mutual Casualty Co.; John A. North, president, The Phoenix Insurance Co.; and William H. Rodda, secretary, Transportation Insurance Rating Bureau.

Five-year terms — Property-liability insurance members are: James M. Cahill, secretary, National Bureau of Casualty Under-

(More on page 27)

BOSTON MANUFACTURERS *Mutual Insurance Co.*

Serving industry
in
specialized fields

EXECUTIVE OFFICES

225 WYMAN STREET • WALTHAM 54, MASS.

MUTUAL BOILER *and Machinery Insurance Co.*

**F. Walter Norcross Is Elected
President of Delaware Valley
Chapter, ASIM**



F. Walter Norcross
President, Delaware Valley
Chapter, ASIM

F. Walter Norcross of The Budd Company has been elected president of Delaware Valley Chapter, ASIM, succeeding Frank W. Penartz of Food Fair Stores, Inc., who continues to serve as a Director of the chapter.

Serving with Mr. Norcross are: Howard C. Giles, E. I. Dupont de Nemours & Co., vice-president; Charles R. Garton, Atlantic City Electric Co., secretary; David D. Day, R. M. Hollingshead Corporation, treasurer; W. L. Higgins, United Engineers & Constructors, assistant secretary; and E. C. Jones, Jr., Philadelphia Electric Company, assistant treasurer.

Directors who will serve for a two year term are: Samuel B. Wainer, Penn Fruit Co., Inc.; Harry R. Sage, Mutual Rendering Co., Inc.; Mr. Penartz and Mr. Norcross.

Directors who have one year remaining in their term of office are: Mr. Giles; Ronald McKay, Philadelphia Electric Company; and George Schmidt, Radio Corporation of America.

**"Company Insurance Administration"
issued by**

The National Industrial Conference Board, Inc.

The Division of Business Practices of the National Industrial Conference Board, Inc., has issued a bound report which we think is so valuable to members of the American Society of Insurance Management, Inc. that we recommend it unequivocally. However, this report is available ONLY to companies associated in membership with the National Industrial Conference Board, Inc. (many of whom are also members of the American Society of Insurance Management, Inc.). For further information, please write to National Industrial Conference Board at 460 Park Avenue, New York 22, N. Y.

The report covers such subjects as:

The Insurance or Risk Management Function
Administration of Company Program
The Insurance Department
Major Duties and Responsibilities
Use of Brokers, Agents, and Consultants
Deciding What and How to Insure
Deciding How Much Insurance to Buy
Placing and Administering the Coverage
Adjusting Losses and Claims
Allocating Insurance Costs
Keeping Up to Date
Manuals, Reports, and Records
Evaluating Performance of the Insurance Departments

Among the Case Studies which have been made, are those of:

Norton Company (members of ASIM)
Pennsylvania Salt Manufacturing Company (members of ASIM)
Western Electric Company (members of ASIM)

Among the Company Statements on Insurance Policy and Practices:

Federated Department Stores (members of ASIM)
Allis-Chalmers Manufacturing Company (members of ASIM)

NOTE: "Company Insurance Administration" has been made available to various business and college libraries.

**"Safety" is Keynote of
Northern California Chapter's
February Meeting**

"Management's Responsibility for Safety" was the keynote of the February meeting of Northern California Chapter, ASIM.

Most serious accidents occur through violations of simple rules based on common sense. Management is concerned with what is wrong, not so much as to who is to blame, so that corrective steps may be taken to prevent similar mishaps which prove costly.

It is always timely to think and talk SAFETY, and as pictures sometimes present the facts more emphatically than words, Northern California Chapter showed some films:

"Train We Must" (from the Kaiser Companies) depicted the importance of volunteer firemen in American industries.

"Accidents Don't Happen" (from Southern Pacific Railroad Company) demonstrated with humor that wearing the wrong clothing on the job can be hazardous.

"My Brother's Keeper" (from Southern Pacific Railroad Company) showed the responsibility of man to his fellow employees.

"Incredible Journey" (from Southern Pacific Railroad Company) showed a farmer who has just won a safety award and who subsequently has an accident while driving.

Hall of Fame

(From page 25)

writers; Arthur C. Goerlich, dean, School of Insurance, Insurance Society of New York; Manning W. Heard, first vice president, Hartford Accident and Indemnity Co.; Newell R. Johnson, general manager, American Mutual Alliance; and Dr. Harry J. Loman, dean, The American Institute for Property and Liability Underwriters, Inc.

PERSONNEL AVAILABLE

All Applicants Are Requested to Submit Five Copies of Resume

Young man, 30, married — good education — would like to improve his position. Now employed as assistant to Insurance Department Manager of large private corporation. (Address — ASIM - 20)

* * *

Top-Ranking Insurance Manager wishes to change position. Is currently responsible for developing and administering the insurance program of a well-known corporation. Experienced in safety programs. College degrees in Economics and Finance. Married, age: about 35. Exceptional man for exceptional position. (Address — ASIM - 29)

* * *

Insurance Manager, Age 31, married, with two children. Law degree. Eight years experience as

Corporation Assistant Insurance Manager, Claims Manager and Agency Manager. Desire position as Insurance Manager or Assistant. Presently employed as Assistant Insurance Manager. (Address — ASIM - 31)

* * *

Insurance Manager or Assistant Insurance Manager. Currently assistant to Insurance Manager of large oil company. Graduate of Columbia University, Degree in Economics. Age 30. Married, Responsibilities include administering domestic and foreign policies of company and all phases of corporate insurance management. (Address — ASIM - 35)

* * *

Risk Manager. Qualified Risk Manager seeks a position in the corporate insurance field. Twenty years experience in general insurance and management. Age 37. CPCU. Currently assistant in world-wide program. Prefer mid-west location but will relocate contingent upon opportunity. (Address — ASIM - 39)

* * *

Young Insurance Executive—Graduate Wharton School (Major, Insurance). Currently Assistant to the President, large New York City brokerage company. 5 years extensive experience in all phases of insurance is seeking challenge in insurance department of an eastern manufacturing or industrial company. (Address — ASIM - 41)

Fire Insurance Underwriting Manager. Age 42. Single. B.A. degree,

plus portion of M.A. Nineteen years in Home Office fire experience. Desires position in corporate insurance management. Will travel, possible relocate. (Address — ASIM - 43)

* * *

Young College Graduate. B.S. (Major in Insurance and Business Administration). Possess sound training and demonstrated ability. Objective is to join insurance division of a manufacturing organization where knowledge and competence will find growth and administrative opportunities. (Address — ASIM - 44)

* * *

Insurance Manager. Age 39, married, two children. Graduate University of Illinois. Knowledge of all phases of corporate insurance management. Experience includes management for five industrial plants in U.S. and two in Canada. Will relocate, preferring Chicago, New York or San Francisco. (Address — ASIM - 45)

* * *

Insurance Manager, or Assistant. Married, two children. Age 36, graduate of St. John's University. Attended St. John's Law School. Knowledge of all phases of corporate insurance management including renewal of contracts, application of deductibles and obtaining of modifications and extension of the basic contract in order to secure the broadest coverage at minimum premium outlay. (Address — ASIM - 46)



*The
Oldest and Largest
of the
Factory Mutual
Companies*

**MANUFACTURERS MUTUAL
FIRE INSURANCE COMPANY**

PROVIDENCE, RHODE ISLAND

LEADERS IN BROAD COVERAGE AT LOW COST SINCE 1835

Credit Insurance

(From page 10)

cies is an insurance-consciousness that pervades business, so that people carry insurance on accounts receivable on the same premise that they carry fire insurance. Most firms need fire insurance because they have only one structure or but a few buildings, but have self-insurance in accounts receivable because the risk is spread among hundreds or thousands of accounts.

Further, it is argued that credit insurance is valuable in indemnifying against losses which may be localized in one geographical or industrial area, even though an insured has hundreds of accounts. Yet, facts will bear out that probably ninety per cent of bad debts are caused by the inexperience or incompetence of debtors, and no one region or industry which is credit insurable has a preponderance of incompetence. Then, it is said that insurers function as custodians, to take in funds from policyholders in periods of business prosperity, to be returned to them in periods of depression. The history of credit insurance does not support this contention. From time to time various whole industries are placed on a non-insurable list. In the past, insurers have generally increased rates and tightened provisions when depression threatened.

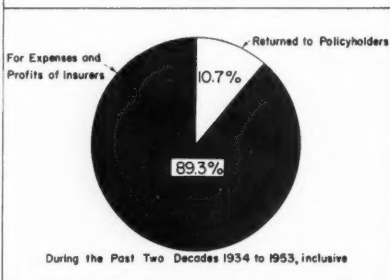
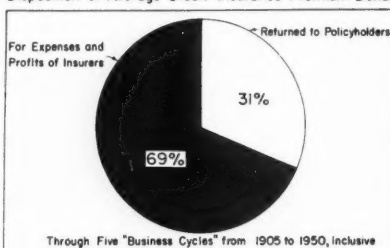
The credit insurance lapse rate is high, about fifteen per cent per year. The main reason indicated for this discontinuance by policyholders is that the premium is found to be just an added expense of doing business. Among firms that have filed claims for losses, dissatisfaction with adjustment procedure appeared to be their main reason for discontinuance of policies. A sample group of policies studied indicated approximately one adjustment resulting in loss payment for every fourteen policy years.

There are many well-satisfied credit insurance policyholders, some of whom have renewed policies for more than twenty-five years. The typical satisfied customer seems to be one whose main contact with insurers is in paying

an annual premium, and not having filed claims for adjustment. The main advantage of credit insurance to policyholders seemed to be the psychological value—relief from worry about excessive credit losses. However, this advantage sometimes turned to disappointment as actual policy techniques were brought to light by adjustments or other incidents.

It would be well to consider the cost of credit insurance to policyholders. Because of the complexity of premiums, primary loss rates, co-insurance rates and coverages, the only logical way to measure this cost is through the loss ratio, which shows what all policyholders together have received from their payments to the "custodians of the contributions of the many who make good the losses of those who have been unfortunate." As shown in the chart below, covering two decades, 1934 to 1953 inclusive, 10.7 per cent of premium dollars were returned to policyholders, with 89.3 per cent remaining with insurance companies as expenses and profits. However, if the loss ratio

Disposition of Average Credit-Insurance Premium Dollar



is carried into the past, then for the fifty year period, 1905 to 1950 inclusive, through five "business cycles," 31 per cent of premiums were returned to policyholders, while 69 percent remained with insurers for expenses and profits. Of course, only underwriting gains of insurers are indicated above. The

insurance companies had, in addition, financial gains from the investment of policyholders' funds. It is noteworthy that the higher loss ratio of the forty-five-year period was due to higher bad-debt losses of the depression years, and to more effective competition in the underwriting of credit insurance in the past. Policy provisions and coverages were more liberal in the past than in recent years.

Failures among some credit insurers can be traced to gross mismanagement, and sometimes to losses other than from underwriting credit insurance. One company failed because of losses on insured mortgage bonds, and another was fatally weakened by the closing of a bank whose deposits it insured.

In purchasing credit insurance, bargaining ability is important. Policies are said to be tailor-made, and much depends upon individual underwriting judgment in particular circumstances. As yet, there is no mathematically factual actuarial basis for rates.

Indemnification of accounts receivable against bad-debt loss is believed to be a legitimate field for insurance. Principally, there is need for single-debtor coverage, such as insurers wrote for many years, but as a general policy, have not written during the last few years. With these policies, businesses in weak working-capital positions could transfer the risks of one or a few relatively large accounts, while the insurance companies could spread these risks among a large number of such policies, in accordance with the insurance principle. Furthermore, credit insurance at reasonable rates is needed by many small firms that supply one customer or but a few accounts. Most small businessmen cannot afford present rates, which actually are higher for them proportionately than for large firms.

From the viewpoint of policyholders, improvements in credit insurance are desirable. Yet existing insurers cannot be expected to forego present high profits on small volume and to accept greater risks at lower rates. They are not in business to serve posterity. So, if

(More on page 47)

"Umbrella"

(From page 12)

sured. There has also been a broadening of the definition of the "Insured" to include an *employee* of the named insured while acting in such capacity. Thus, the "Umbrella" form of Excess Liability coverage has materially broadened the insurance protection afforded heretofore by various casualty policies.

"All Risks" Insurance

The desire of many of you insurance buyers, for comprehensive protection with respect to Property Insurance has also been fulfilled by the Special Risk Underwriters. Here, again, this excess coverage has been known by various names, such as "Umbrella"; "All Risk"; "Kitchen Sink", or what have you. Actually, it is nothing more or less than another attempt by progressive insurance underwriters to provide literally "All Risks" Insurance for both real and personal property to apply in excess of the more commonly known standard policies of insurance. If you have purchased the standard forms of coverage which have been developed in recent years, it is sometimes difficult for one to imagine what exposures remain uninsured today when we think of Property-Insurance. As I mentioned previously, there is often a great difference of opinion as to what constitutes a serious insurable exposure. To cite a few, I might mention Water Damage, Earth-

quake, Consequential Loss, such as refrigeration breakdown, collapse of building, or the wrongful conversion of property owned or used by the assured or their agents. Some of you may not have carried this protection in the past because you felt the premium for such coverage was too high. The mere fact that the premium for such hazards may seem high, would seem to prove my earlier point that the underwriter oftentimes considers the exposures much greater than does the buyer, or else there is not enough of that particular type of insurance written to enable the underwriter to receive an adequate spread of risk. We are often asked to afford Flood Insurance, for example. However, it is rather common knowledge among insurance underwriters that the person who is primarily interested in purchasing Flood Insurance is the one who has locations which are directly exposed to the rising of navigable waters. However, when one stops to consider Water Damage we all know that it is insured on a very restricted basis by most companies. However, it is the Water Damage which occurs from causes which are usually excluded, that is the type of protection actually required. In other words, the backing up of sewers, seepage through building walls because of inadequate sewer system, or broken water mains, have undoubtedly caused more damage to property

than the more simple exposure of the neglectful employee leaving a faucet turned on in the washroom after the premises are closed.

Loss of Use

In addition to the constant need of adequate Property Insurance, there is always an important insurable risk attached to the loss of use of such property. During recent years we have seen many catastrophic fires which have not only destroyed the insured's property but have totally crippled a business because of its inability to secure adequate raw materials to continue its manufacturing processes. While Use and Occupancy Insurance is readily obtainable from the more common causes of loss, such as Fire and Extended Coverage, many times it may be desirable to include other perils, depending on the type of property insured. Do not overlook the potential loss of income which might result from damage to movable property, such as construction or coal mining equipment, dredges, etc. Such property may require the inclusion of marine perils in a Use and Occupancy policy. While on the subject of Use and Occupancy coverage, I would also like to suggest for your consideration the advisability of purchasing such protection on an agreed value basis. This provides a sum of indemnity per diem agreed upon prior to the

(More on page 30)

R. C. RATHBONE & SON

Incorporated

ESTABLISHED 1853

INSURANCE BROKERS

120 WALL STREET, NEW YORK 5, NEW YORK

REPRESENTED IN PRINCIPAL CITIES

TELEPHONE: HANover 2-7150

CABLE ADDRESS: RATHSON

104th Year Of Placing Insurance For Many Leading Enterprises

"Umbrella"

(From page 29)

occurrence of a loss and thereby eliminates what might occasionally develop into a disagreeable or protracted claim settlement caused by a difference of opinion between buyer and Insurer as to the extent of loss of income.

Element of Depreciation

Another suggestion pertaining to the insurance of both real property and machinery or equipment is the element of depreciation. We still see a great many insurance policies written today which only call for the payment of "actual cash value" after deduction of "depreciation" whereas the cost of replacement may be far in excess of the insured value. In these inflationary times serious consideration should be given by the insurance buyer to such costs of replacement when insuring antiquated buildings, machinery, furniture and fixtures.

Casualty Field

Returning to the Casualty field again, I would like to point out also the fact that some businesses are particularly subject to liability which may result from the occurrence of an error or omission on the part of either management or employee. This hazard is particularly conspicuous in such personal service businesses as Architects, Auditors, Construction Engineers, Real Estate Management, Lawyers, Advertising Agencies. Some of you may feel that the purchase of Products Liability is sufficient but it is quite possible that an error or omission may cause a liability claim without it necessarily being attributable to the manufactured product.

I assume that many of you are not only interested in the insurance exposures of your business but also have certain responsibilities with respect to the financial operations. In this respect it might be of interest to you to know that corporations issuing new securities may now insure the liability imposed upon them by the Federal Securities Act of 1933 and the Federal Securities Exchange Act of 1934. This can also be of importance when there is a secondary sale or distribution of securities which may

be the result of a liquidation. However, because of the complications attendant in such transactions I would suggest that you direct any inquiries on this point to your attorneys rather than to me!

Accident and Sickness

As you all know, another very important aspect of insurance is the field of Accident and Sickness. While such protection is written by both Life and Casualty companies, there are certain unusual exposures in the field which still must be solved by the Special Risk Underwriter. Despite the vast number of insurance companies writing all forms of accident and sickness disability income, hospitalization, death and dismemberment, etc., they still find it very difficult to undertake the more hazardous risk requiring large sums for death benefits, particularly if it is for a short term risk. For example, the insuring of newspaper reporters, or technicians and engineers, who may be doing experimental work throughout the world, oftentimes has posed a problem, particularly when the buyer wishes to protect his employees against such an unusual hazard as "War Risk." There have been many special policies written by relatively few underwriters primarily because the mine-run of Life companies are reluctant to undertake such risks due to a lack of volume or spread.

Special Risk Underwriters

Obviously, when the so-called Special Risk Underwriter ventures into the insuring of the unusual he often thinks in terms of a deductible in order to have the assurance that the insurance buyer will also assume some of the risk involved. It is not often possible for an insurance underwriter to secure enough premium to offset the lack of cooperation which might exist where the insured does not carry any of the risk themselves. With respect to deductible forms of insurance, the thinking of Special Risk Underwriters has also broadened in recent years to include the use of an aggregate deductible. For many years it was only possible to purchase insurance that was subject to a deductible clause on a per accident basis. However, in recent

years when an insurance buyer is able to provide an accurate loss experience for a minimum of the past five years, then it is often possible for an insurance underwriter to devise a premium which fairly evaluates protection in excess of aggregate losses in any given year.

While some of the coverages that I have mentioned are not always readily obtainable, oftentimes this is due to the lack of proper underwriting information. Many corporate buyers of insurance are too reluctant to divulge such vital information as values, past loss experience, and complete details concerning their existing insurance program. Some times this is caused by the fact that more than one insurance broker is employed and therefore there is a reluctance on the part of the insurance buyer to inform the broker who has been requested to provide broader forms of coverage, with the necessary information concerning existing insurance policies which may have been purchased through other brokers. I would not presume to advise you gentlemen concerning your choice of insurance brokers, but suffice it to say that sometimes "too many cooks may unwittingly spoil the broth."

If you are seeking insurance protection against those risks which have in the past seemed uninsurable, then you must start out by supplying the fullest information possible. No underwriter or insurance broker can intelligently devise an insurance policy form without full knowledge of all aspects of the risks to be insured. Withholding information from either your broker or your prospective insurance Underwriter, either intentionally or otherwise, can only work to your detriment in the final analysis. If pertinent underwriting information has been withheld at the time the risk is placed, then it is bound to influence the insurer's generosity when a debatable claim arises. If past loss information has been withheld, then it is bound to ultimately affect the stability of your insurance market since there is bound to be an adverse loss ratio to the insurer due to a basic inade-

(More on page 45)

Insurance Dollar

(From page 8)

the human body. The survey and analysis is not easy, which is the reason why most of you gentlemen hold your jobs. You are the resident insurance doctors for your firms. The Insurance Company agent figures strongly in the survey and analysis. It is here that he brings the various company technical facilities into play and directs their operation in behalf of the study of your risk and the reaching of a recommended program of insurance and carrying it out.

Consulting Engineering Service —

Long ago the Insurance companies concluded the control and containment of serious loss needed much technical direction. This has been provided as a consulting and advisory service to the insured.

Fire Prevention and Rating Engineers have reached a high degree of specialization and effec-

tiveness. College degrees are now offered in this field. This technician is strongly established as an essential in the insurance scheme. These engineers are available for consultation on new construction, reconstruction and repairs.

Safety Engineering Departments of the various companies are concerned with the guarding of life and limb and property from the many normal, everyday hazards of working and living. Their service is invaluable in controlling the experience and the vast premium outlays involved in the liability, compensation, accident and fleet coverages.

The operation of the business often influences the premium cost of protection. Trained engineers are available for study of your plant or business operation.

The Underwriters Laboratories is no doubt well known to most of you. Its testing services are now vital to the public and to the American way of life. You should be sure the UL does all

it can for your company and also for your products.

Inspection Service exerts a tremendously important control over risk. Literally hundreds of men are engaged in this occupation throughout Ohio. Be sure your business is getting the quality and quantity of inspection service it deserves and requires. Not only will life and property be safeguarded and protected by this means, but the all important element of premium cost will be directly helped.

Specialists highly skilled in the fields of —

Fidelity and Surety
Inland Marine and Floaters
Ocean Marine
Reporting and Multiple Line Forms
Automobile
Casualty
Accident and Health
Automatic Sprinklered Risks
Large Industrial Risks

are available for use in combatting your risk of loss. The findings of these specialists is necessary to the

(More on page 34)

STURTEVANT OVERIN CO., INC.

Insurance Brokers

15 East 47th Street

New York 17, New York

PLaza 3-4760

Brooklyn Office

354 36th Street

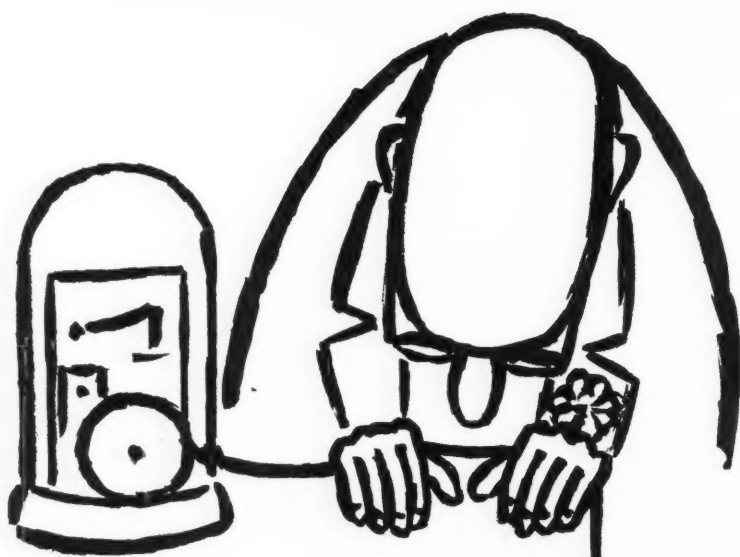
Brooklyn 32, New York

STerling 8-3700

Cable Address

Overin

New York



CONTINENTAL-NATIONAL GROUP NOW

ONE OF THREE BIGGEST MULTIPLE-LINE

UNDERWRITERS IN THE NATION!

YOU BETTER FIND OUT IN A HURRY

JUST WHY SO MANY AGENTS & BROKERS PICK

THIS FASTEST RISING GROUP IN AMERICA*

CONTINENTAL CASUALTY COMPANY

1897—Diamond Jubilee Year—1957

Chicago 4, Illinois

A MEMBER OF THE CONTINENTAL-NATIONAL GROUP • WITH THE CONTINENTAL
ASSURANCE • NATIONAL FIRE INSURANCE OF HARTFORD • TRANSCONTINENTAL
INSURANCE • AND TRANSPORTATION INSURANCE COMPANIES

**For the sake of more business, find out the easy way...place a coverage, standard or special risk, with Continental Casualty. Or phone the nearest office to learn how the company with a genius for fresh ideas about insurance can give you fresh ideas about selling. It's worth a call...today.*

Risk Management Courses Are Presented in New York City

Conforming with the educational program of the American Society of Insurance Management, Inc., New York Chapter, ASIM and the School of Insurance of the Insurance Society of New York have scheduled an outstanding course of studies for the corporate insurance manager.

The field of corporate insurance management is one which has not received as much recognition among educators as other phases of insurance instruction. For this reason, risk management courses are being presented jointly by New York Chapter, ASIM, and the Insurance Society of New York.

John Nees, Insurance Consultant for United Hospital Fund of New York, is in charge of co-ordinating the joint educational program. The School of Insurance is under the direction of Arthur C. Goerlich, Dean; and A. Leslie Leonard, Assistant Dean.

The committee for the American Society of Insurance Management is: Ralph H. Blanchard, Professor of Insurance, Columbia University; Raymond Cox, Insurance Director for Merritt, Chapman & Scott, Inc.; Miss Mildred Congdon, Insurance Department of Esso Standard Oil Company; and Henry Anderson, Insurance Manager for American Broadcasting-Paramount Theatres, Inc.

The courses include: the theory and principles of risk management; the application of risk analysis to physical plant and to operations; loss prevention and protection; appraisals and evaluations; self-insurance; relations with insurance organizations; analysis of contracts (including the insurance policy contract); types and characteristics of insurance; employee benefits insurance; nuclear energy risks; structure, nature, and problems of operating the insurance department.

Classes started on February 13th and will be held on 15 consecutive Wednesdays from 5:30 to 7:30 P.M.

NOW WE ARE THREE . . .

March 1957 marks the third anniversary of the *National Insurance Buyer*, official publication of the American Society of Insurance Management, Inc. We are proud to list the articles which have appeared during the past year, and, we thank each contributor:

1956

March

- A Facet of Risk Management
(The Effect of the Hold-Harmless Clause)
William A. Miller
Richfield Oil Corporation
- Use & Occupancy
Howard F. Erzinger
Byrnes-McCaffrey, Inc.
- Manufacturers Output Policy
Edward L. Dilworth
Lever Brothers
- The Growing Costs of Workmen's Compensation
Stanwood L. Hanson
Liberty Mutual Insurance Company

May

- The Insurance Function and Its Audit
K. N. Cervin
Minneapolis-Moline Company
- Business Interruption Loss Adjustment
Robert M. Beatty
W. A. Alexander & Company
- Boiler & Machinery Claims
J. Edward Middleton
American Guarantee & Liability Insurance Company
- Marine Insurance
Edward C. Holden, Jr.
Marine Office of America

July

- Is the Assured Responsible for Non-Owned Automobiles?
Doris V. Rushing
A. S. Frohman and Associates
- Digest of Important Provisions of Model Draft of Workmen's Compensation Law
Mahlon Z. Eubank
Commerce and Industry Association of New York
- Current Business Interruption Problems
Frank S. Glendening
Frank S. Glendening & Company
- Crime Loss Prevention for Corporate Insurance Managers
Walter L. Flynn
E. J. Flynn Associates
- Third Party Liability Policies
M. Frank McCaffrey
Byrnes-McCaffrey, Inc.

September

- Insurance Management Problems in the Gulf Coast
John Benson
Tennessee Gas Transmission Company
and
W. Howard Clem
Schlumberger Well Surveying Corporation
- Suggested Methods of Managing Business Risks
Robert W. Strain
University of Texas
- A Hero from Shenandoah Valley (Sam Houston)
Harold T. Freed

November

- The ABC's of Corporate Insurance Management
G. T. Heinrich
Caterpillar Tractor Company
- The Insurance Picture as Viewed from the Washington Scene
A. L. Kirkpatrick
United States Chamber of Commerce
- Contractual Liability and Hold Harmless Agreements
Virgil R. Howell
Mund, McLaurin & Co.
- Yardstick of Dishonesty Exposure
George A. Conner
Fidelity & Deposit Company of Maryland
- The Insurance Manager's Job
C. Henry Austin
Standard Oil Company (Indiana)

1957

January

- Quo Vadis, Mr. Insurance Manager
T. V. Murphy
Maryland Shipbuilding & Drydock Company
- The Income Tax Consequences of Insurance
Calvin J. Collier, Jr.
Hughes Tool Company
- Health Insurance
A. B. Halverson
Occidental Life Insurance Co.
- Health Insurance
B. J. Caldwell
Pomona Valley Community Hospital
- Health Insurance
Dr. Leon Desimone, M.D.
California Medical Association
- Time Out for Tea
W. D. Womeldorf
Thomas J. Lipton, Inc.
- Group Insurance — Recent Developments (a Digest)
Charles A. Siegfried
Metropolitan Life Insurance Company

Insurance Dollar

(From page 31)

adequate and proper evaluation of exposure and preparation of the soundest program of insurance.

Pool arrangements involving practically all stock fire and casualty companies have been effected to better provide the enlarged or specialized capacities needed by many classes of industry. The Factory Insurance Association is perhaps best known to you for its absorption of the huge values of the properties usually protected by automatic sprinkler systems. But the FIA will also write unsprinklered property. The Underwriters Service Association provides enlarged capacities on selected classes. Special Engineering and Inspection services go with these pools. Your agent can tell you or find out whether your plant is eligible for FIA or USA treatment. The unusual needs of the Railroads, Cotton Industry, Oil and Grain, provoked the formation of specific pools for these businesses years ago. The staggering implications of the forthcoming atomic age and its resultant increase in risk has set the machinery in motion for the formation of a device to give needed capacities. The pools mentioned are all supported and maintained by the Stock companies.

* * *

There can be no argument against the statement that no stone should be left unturned to learn all you can about your employer's business. Particularly, you must have as good an understanding as possible of the problems of risk of your business. How to do this? Large business is broadly departmentalized and often extends over vast areas in this country and elsewhere in the world. The job of "knowing all about it" and of learning the risk problems can become a bit frightening. In thirty-five years in the insurance business I have never seen anything better than the risk questionnaire usually called a Fact Finder as a starting point and sounding board. The Fact Finder entirely completed usually pretty well brings out what the

business is doing that would give it loss. Completing a Fact Finder is a laborious and sometimes a difficult job that often takes weeks. But complete one, you should, to do your job right. Many companies and agencies can furnish these questionnaires. The responsible agent should not hesitate to recognize his duty to assist and direct in the preparation of this report of preliminary and primary risk conditions from which all thorough surveys and analyses must start.

Take full advantage of education offered through insurance literature, association meetings, conventions and discussion with other buyers and agents and company men. Some insurance companies have good correspondence courses covering all phases of the insurance business. It would help you to complete a good course. These can be made available to you.

* * *

No one can help you take the steps necessary to develop the proper protective program as well as the qualified agent and his staff. This is his profession and he stands ready to bring in all of the machinery and equipment needed. It should be your job as Insurance Manager to see that the agent, or agents, with whom you are dealing, brings all available company facilities into play for the benefit of your firm.

Selection of carrying companies is a major step. Take care to pick only sound companies. The insurance policy is money in the bank for time of need. The bank must be solvent at all times.

Forms and coverage often must be especially designed for adequate protection of a given risk. Careful study and advice will produce the desired results.

Determination of values and establishment of amounts of insurance involves property evaluation, inventory records, operational statistics and judgments of otherwise undetermined limits by comparison and market need.

The placing and maintaining of insurance contracts is itself a vital part of the insurance buyers responsibility. This is a mechanical operation that must not fail or break down.

The maintenance of a proper insurance record and record of expirations, backed up by a similar double check system in the hands of a qualified agent will insure the required contract issuances at the proper times.

Inspections and services should be calendared to provide maximum efficiency in application of their needed facilities.

Insurance Premium Cost budgeting to keep expense load constant is to be recommended. Most firms are not happy when called upon to pay heavy premiums every three or five years. There is no need of this. The premium cost can be set at an annual recurring figure.

* * *

Cooperation with your agent and the insurance company people is part of your responsibility — full facts and information must be forthcoming if agent and company are to be expected to produce best results in an insurance program. Values, operational data, and financial statements must be freely submitted. Inspections must be arranged and authorized to bring about best safety results and lowest rates. Letters of authorization to Bureaus must be provided so that agent and company technicians may have access to information otherwise held confidential.

Dedicate your Insurance Department or Insurance Buyer's job to the idea of preventing loss as well as insuring against it. This means the creation and sponsorship of safety programs, fire patrols, departments of health, and an awareness on the part of every employee of the importance of observing the rules set down.

* * *

A successful loss prevention record means reduced costs of insurance and increased confidence in your administration of the insurance management post. But I hope that you will not go so far into the loss prevention field that you feel the insurance blanket can be curtailed or removed. I have read much of the material having to do with the Corporate Insurance Manager. Some of you gentlemen have

(More on page 35)

Insurance Dollar

(From page 34)

written excellent papers and are to be congratulated upon the professional and informed viewpoints expressed. It is no surprise to us in the insurance industry that some insurance managers lean to and practice the curtailment of insurance or risk through the outright elimination of coverage, or underinsurance, believing the final so-called "Life Preserver" of the insurance policy is not needed and is too expensive, in many cases, to carry along. Well, it takes a brave and smart man to undertake the assumption of risk on his own judgment, or that of his top management or directors. We badly need such men in the insurance industry. Those of us who have been in it all our lives cannot today do much better than about break even in the attempt to guess at where the loss is going to come, when, how much it will amount to, and what the resultant effects on the risk as a whole are going to be. And bear in mind, we are constantly surveying hundreds of risks annually and have the benefits of vast stores of records and experiences on which to base our guesses. We just cannot seem to point out the man, the machine, the building, the place, or the condition that is sure not to have a loss.

The question of expense — of cost of protection — cost of insurance is very important to you. Sometimes your problem of cost baffles us a little on the insurance side. You, more than we, should be the best judge of the cost of protection to the life of your business — Perhaps these stories may illustrate:

Several years ago a large chain of industrial plants through its insurance management, and with the full blessing of top management, embarked on a plan of loss prevention, risk selection, and insurance that undertook to insure (as a last resort) only those properties and conditions most likely to incur or produce sizable financial loss. Much of the best property was left uninsured. The fine engineering staff of this business undertook the formidable task of loss prevention of all types and also assumed responsibility for risk selection — (deciding which ones would not burn, etc.). An excellent job was done. Very few losses were sustained. The insurance on the supposedly most hazardous part of the properties was placed (with some difficulty) but things went on that way for some years. Most agents gave up on the line as one that would perhaps always be a part insurer capable of handling its own risk without much outside aid. Then a strange thing happened.

Top management changed. Careful, thorough surveys of all operations were instituted. Costs were brought into the spotlight. Shortly thereafter, insurance agents were called in and asked to place fire and allied lines blanket forms covering 90 and 100% to value at all locations. Time element coverages were ordered. Liability insurance was extended and limits raised. Fidelity coverages were increased materially. The astonished but pleased agents eventually got around to asking why and how the change of policy had been decided. They were advised by the insurance manager that the change was dictated by the results of a careful cost analysis and the recommendation of disinterested professional auditors. The conclusion to insure fully was reached when it became apparent that the business was spending more money in engineering and risk study, inspections and administration than would be involved in full insurance premiums. This conclusion was reached without taking into any consideration any losses that had been suffered which were not insured — purely on the cost of handling comparison — (and this did not involve firing the insurance manager). The auditors advised that the credit structure of the business was not as strong under the partial insurance

(More on page 42)

Personal

If your business demands the personal service of an efficient, experienced insurance brokerage house — may we suggest

R. H. GORE Company

Home Office: 209 So. LaSalle Street, Chicago 4, Illinois

Telephone: CEntral 6-4400

Since 1923

World-Wide Brokers

CHAPTER DIRECTORY

AMERICAN SOCIETY OF INSURANCE MANAGEMENT

CENTRAL ILLINOIS CHAPTER

Meetings—2nd Thursday of each month, Bloomington, Illinois. Dinner, 6:30 P.M.

President—D. W. Covey, LeTourneau-Westinghouse Co., Peoria, Ill.

Vice-Pres.—Gehl Tucker, A. E. Staley Mfg. Co., Decatur, Ill.

Secy.-Treas.—K. K. Schroeder, A. E. Staley Mfg. Co., Decatur, Ill.

CHICAGO CHAPTER

Meetings—3rd Thursday of each month, September through May. Dinner, 6:00 P.M.

President—Casimir Z. Greenley, International Minerals & Chemical Corporation, Chicago

Vice-Pres.—Richard E. Blakley, The Tribune Company, Chicago

Treasurer—G. J. Burns, Continental Ill. National Bank & Trust, Chicago

Secretary—Ann Auerbach, Goldblatt Bros., Inc.,
333 South State St., Chicago 4, Illinois

CINCINNATI CHAPTER

Meetings—1st Wednesday each month, except July and August. Luncheon, 12:00 Noon.

President—Lloyd R. Everhard, Trailmobile Inc., Cincinnati

Vice-Pres.—Thomas N. Fisher, Fifth Third Union Trust Co., Cincinnati

Treasurer—A. L. Benjamin, The Cincinnati Gas & Electric Co., Cincinnati

Asst. Treas.—Paul K. Dykes, Ohio River Company, Cincinnati

Secretary—A. J. Haberer, The Procter & Gamble Company
Gwynne Building, Cincinnati 1, Ohio

DALLAS-FORT WORTH CHAPTER

Meetings—3rd Thursday each month, Luncheon, 12:00 Noon

President—D. C. Morris, Chance-Vought Aircraft, Inc., Dallas, Texas

Vice-Pres.—T. T. Redington, Jr., Dresser Industries, Inc., Dallas, Texas

Treasurer—Miss Annetta Johnson, The Murray Company of Texas, Inc.,
Dallas, Texas

Secretary—Harold Palmer, The Frito Company
2600 Cedar Springs, Dallas, Texas

DELAWARE VALLEY CHAPTER

President—F. Walter Norcross, The Budd Company, Philadelphia

Vice-Pres.—Howard C. Giles, E. I. Dupont de Nemours & Company, Inc.,
Wilmington, Delaware

Treasurer—David D. Day, R. M. Hollingshead Corporation, Camden, N. J.

Asst. Secy.—W. L. Higgins, United Engineers & Constructors, Inc.,
Philadelphia

Asst. Treas.—E. C. Jones, Jr., Philadelphia Electric Company, Philadelphia

Secretary—Charles R. Garton, Atlantic City Electric Company
1600 Pacific Avenue
Atlantic City, N. J.

INSURANCE BUYERS ASSOCIATION OF DETROIT

Meetings—3rd Wednesday each month, Dinner, 6:00 P.M.

President—R. H. French, Michigan Wisconsin Pipe Line Company, Detroit

Vice Pres.—W. A. Johnston, Chrysler Corporation, Detroit

Treasurer—E. D. Damon, Parke, Davis & Company, Detroit

ASTM Rep.—E. F. Neuhecker, Burroughs Corporation, Detroit

Secretary—F. L. Kiernan, Michigan Consolidated Gas Company
415 Clifford St.
Detroit 26, Michigan

HOUSTON AREA INSURANCE BUYERS ASSOCIATION

Meetings—2nd Wednesday each month, Luncheon, 11:30 A.M.

President—R. T. Effinger, Jr., Reed Roller Bit Company, Houston

Vice-Pres.—Jack Campbell, Tennessee Gas Transmission Co., Houston

Treasurer—John Wechsler, Eastern States Petroleum Co., Houston

Secretary—R. C. Lee, Sheffield Steel Division,
Armco Steel Corporation
P.O. Box 3129, Houston, Texas

MARYLAND CHAPTER

Meetings—3rd Thursday each month at 6:30 P.M. Sept.-June

President—Robert C. Colbert, National Brewing Company, Baltimore

Vice-Pres.—B. L. Beningrove, Maryland Shipbuilding & Drydock Co.,
Baltimore

Secy.-Treas.—Miss Marion E. Bower, The Davison Chemical Company,
Division of W. R. Grace & Co.,
101 North Charles St., Baltimore 1, Md.

MINNESOTA CHAPTER

Meetings—4th Thursday of each month, Dinner, 6:30 P.M.

President—K. N. Cervin, Minneapolis-Moline Co., Minneapolis

Vice Pres.—Howard T. Weber, Economics Laboratory, Inc., St. Paul

Administrative Secy.—Lillian K. Polzin, 722 Second Ave. South, Minneapolis
2, Minnesota

Secy.-Treas.—Julien Mageli, Nash Finch Company
3115 West Lake Street, Minneapolis 16, Minn.

NEW YORK CHAPTER

Meetings—4th Thursday each month, except July and August. Luncheon,
12:20 P.M.

President—W. D. McGuinness, Port of New York Authority, N. Y. C.

1st Vice-Pres.—H. Stanley Goodwin, McKesson & Robbins, Inc., New York

2nd Vice-Pres.—Frank Hornby, Jr., Ebasco Services Inc., New York

Treasurer—J. M. Southwick, Ethyl Corporation, New York

Secretary—Robert B. Schellrup, Union Bag-Camp Paper Corp.
Woolworth Building
233 Broadway
New York, N. Y.

NORTHERN CALIFORNIA CHAPTER

Meetings—3rd Thursday of each month, Dinner, 6:00 P.M.

President—O. A. Wees, Crown Zellerbach Corporation, San Francisco

Vice-Pres.—R. W. Humphrey, Southern Pacific Company, San Francisco

Treasurer—A. E. Flieger, Bank of California, San Francisco

Secretary—J. A. Crockwell, Pacific Gas & Electric Company,
245 Market St., San Francisco

OREGON CHAPTER

Meetings—1st Wednesday of each month, Dinner, 6:00 P.M.

President—J. Doyle Pigg, Lipman Wolfe & Company, Portland, Oregon

Vice-Pres.—L. E. Forsythe, The United States National Bank, Portland,
Oregon

Secy.-Treas.—Robert S. Horning
2136 S.E. Seventh Avenue
Portland, Oregon

SOUTHERN CALIFORNIA CHAPTER

Meetings—3rd Wednesday of each month, Dinner, 6:30 P.M.

President—Roy A. Balling, Northrop Aircraft, Inc., Hawthorne, California

Vice-Pres.—William E. Reimer, Carnation Company, Los Angeles, Calif.

Treasurer—M. J. Bowman, American Potash & Chemical Corporation,
Los Angeles, California

Secretary—George P. Kohl,
California Bank
625 South Spring Street
Los Angeles, California

VIRGINIA-CAROLINA CHAPTER

Meetings—4th Tuesday each month except December (Check with Secretary
for time and place).

President—B. M. Hulcher, Southern States Cooperative, Richmond, Va.

1st Vice-Pres.—Paul Stickler, Reynolds Metal Company, Richmond, Va.

2nd Vice-Pres.—A. Grant Whitney, Belk Stores, Inc., Charlotte, N. C.

Secy.-Treas.—Lydia S. Hammond, Miller & Rhoads, Inc.,
Richmond, Virginia

Roster Of Member Companies

AMERICAN SOCIETY OF INSURANCE MANAGEMENT, INC.

CENTRAL ILLINOIS

Black & Company
Caterpillar Tractor Company
Central Illinois Light Company
Commercial National Bank of Peoria
Decatur Herald & Review
Funk Brothers Seed Company
Honeggers' & Company, Inc.
Illinois Power Company
Illinois Wesleyan University
S. D. Jarvis Company
Keystone Steel & Wire Company
LeTourneau-Westinghouse Company
Mississippi Valley Structural Steel Co.
Mueller Company
Princess Peggy, Inc.
J. L. Simmons Company, Inc.
A. E. Staley Manufacturing Co.
Steak & Shake
Veatch Business Service

CHICAGO

Aldens Inc.
Allis-Chalmers Manufacturing Co.
American Bakeries Company
American Marietta Company
Automatic Electric Company
Borg-Warner Corporation
Bowman Dairy Company
Brunswick-Balke-Collender Co.
Bureau of Safety
Butler Brothers
A. M. Castle & Company
The Celotex Corporation
Central Fibre Products Company
City Products Corporation
Collins Radio Company
Continental Ill. Nat'l Bank & Trust Co.
of Chicago
Container Corporation of America
Crane Company
Cuneo Press, Inc.
Curtiss Candy Co.
R. R. Donnelley & Sons Co.
The Reuben H. Donnelley Corp.
Fairbanks, Morse & Company
Fansteel Metallurgical Corporation
Fred Harvey
Lloyd A. Frey Roofing Company
General American Transportation
Company
Goldblatt Bros., Inc.
Edward Hines Lumber Company
Inland Steel Company
International Minerals & Chemical Corp.
Jewel Tea Co., Inc.
S. C. Johnson & Son, Inc.
Joslyn Manufacturing & Supply
Corporation

Kawneer Company
Link-Belt Company
Liquid Carbonic Corp.
Magnaflux Corporation
Marshall Field & Company
Material Service Corporation
The Meyercord Co.
Montgomery Ward & Company
Motorola, Inc.
National Standard Company
National Tea Company
Natural Gas Pipeline of America
Northwestern University
Pabst Brewing Company
The Peoples Gas Light & Coke Co.
The Pullman Company
Pullman Standard Car
Manufacturing Co.
Pure Oil Company
Quaker Oats Company
Simoniz Company
A. O. Smith Corporation
Spiegel, Inc.
Standard Oil Co. (Indiana)
Charles A. Stevens & Company
Stewart-Warner Corporation
The Tribune Company
United Air Lines, Inc.
United States Gypsum Company
Victor Chemical Works
Visking Corporation
Walgreen Drug Stores
Warwick Manufacturing Company
The Willett Company
Wisconsin Electric Power Co.
Wisconsin Public Service Corporation

CINCINNATI

Acme-Newport Steel Company
American Laundry Machinery Co.
Armco Steel Corporation
Bardes Corporation
Bavarian Brewing Co., Inc.
Burger Brewing Company
The Philip Carey Mfg. Co.
The Cincinnati Enquirer
Cincinnati Gas & Electric Co.
Cincinnati & Suburban Bell Telephone
Co.
The Drackett Company
The Duriron Company, Inc.
The Eagle-Picher Company
Emery Industries, Inc.
Thomas Emery's Sons, Inc.
Federated Department Stores, Inc.
The Fifth Third Union Trust Company
The Gardner Board & Carton Co.
The Girdler Company
The Globe Wernicke Company
Robert Gould Company

The Hamilton Foundry & Machine Co.
The Andrew Jergens Company
The E. Kahn's Sons Company
The Kroger Company
The Lunkenheimer Company
Frank Messer & Sons, Inc.
The Metal Specialty Company
The H. H. Meyer Packing Company
The Mosler Safe Company
The Nivison Weiskopf Company
The Ohio River Company
The Procter & Gamble Company
The Provident Savings Bank & Trust Co.
Queen City Chevrolet Company
The Richardson-Taylor Globe Corp.
Shepard Warner Elevator Company
The Sorg Paper Co.
Toms River-Cincinnati Chemical Corp.
Trailmobile Inc.
United States Shoe Corporation
The U. S. Printing & Lithograph Co.
The George Wiedemann Brewing Co.

DALLAS-FT. WORTH

American Liberty Oil Co.
The British-American Oil Producing
Company
Campbell Taggart Associated Bakeries,
Inc.
Chance Vought Aircraft, Inc.
Coca-Cola Bottling Company
Collins Radio Co. (Texas Division)
Dallas Power & Light Co.
Dresser Industries, Inc.
The Frito Company
General American Oil Co. of Texas
Gifford-Hill & Co., Inc.
Intercontinental Mfg. Company, Inc.
Lone Star Gas Company
The Murray Company of Texas, Inc.
Olmsted-Kirk Company
Dr. Pepper Company
Southern Union Gas Company
Sun Oil Company
Temco Aircraft Corporation
Texas Automatic Sprinkler Corp.
The Times Herald Printing Company

DELAWARE VALLEY

American Viscose Corp.
Atlantic City Electric Company
The Atlantic Refining Company
The Budd Company
Best Markets, Inc.
Campbell Soup Company
Catalytic Construction Company
Cooks', Inc.
E. I. duPont de Nemours & Co., Inc.
Fidelity Mutual Life Insurance Co.
Food Fair Stores, Inc.

Giant Food Shopping Centre, Inc.
 R. M. Hollingshead Corporation
 Keasbey & Mattison Company
 Kaiser Metal Products, Inc.
 Mathiasen's Tanker Industries, Inc.
 Mutual Rendering Company, Inc.
 Penn Fruit Company
 Penn Mutual Life Insurance Co.
 Pennsylvania Salt Mfg. Co.
 Philadelphia Electric Company
 The Philadelphia Saving Fund Society
 Philco Corp.
 Pioneer Chemical Works
 Publicker Industries
 Radio Corporation of America
 Scott Paper Company
 S.K.F. Industries, Inc.
 Smith, Kline & French Laboratories
 United Engineers & Constructors, Inc.
 The United Gas Improvement Company

DETROIT

American Blower Corporation
 American Motors Corporation
 Argus Cameras, Inc.
 Bull Dog Electric Products Company
 Burroughs Corporation
 Chrysler Corporation
 Darin & Armstrong, Inc.
 Davidson Brothers
 Detroit Gasket & Manufacturing Company
 Detroit Harvester Company
 The Detroit Edison Company
 Detroit Steel Corporation
 Ex-Cell-O Corporation
 Fenestra, Inc.
 Ford Motor Company
 Freuhauf Trailer Company
 Gar Wood Industries, Inc.
 The Gear Grinding Machine Company
 Goddard & Goddard Company
 The J. L. Hudson Company
 Hygrade Food Products Corporation
 The Jam Handy Organization, Inc.
 Kelsey-Hayes Wheel Company
 S. S. Kresge Company
 Lyon Incorporated
 McCord Corporation
 Michigan Consolidated Gas Company
 Michigan Wisconsin Pipe Line Co.
 Micromatic Hone Corporation
 The Murray Corporation of America
 National Bank of Detroit
 Parke Davis & Company
 Penn-Michigan Mfg. Corporation
 Pfeiffer Brewing Company
 Square D
 The Udylite Corporation
 The Upjohn Company
 Woodall Industries, Inc.
 Wyandotte Chemicals Corporation
 L. A. Young Spring & Wire Corporation

HOUSTON

Ada Oil Company
 American Warehouses, Inc.
 Anderson Clayton & Company
 Bank of the Southwest
 Baroid Sales Division of National Lead Co.

Cameron Iron Works, Inc.
 Continental Oil Company
 Converted Rice, Inc.
 The Dow Chemical Co.
 Drilling & Exploration Co. Inc.
 Eastern States Petroleum Co. Inc.
 Halliburton Oil Well Cementing Co.
 Homco
 Jefferson Lake Sulphur Company
 Lane Wells Company
 McCarthy Oil & Gas Corporation
 Perforating Guns Atlas Corp.
 Quintana Petroleum Corporation
 Reed Roller Bit Company
 Schlumberger Well Surveying Corp.
 Sheffield Steel Division of Armco Steel Corporation
 Stewart & Stevenson Services, Inc.
 Tennessee Gas Transmission Co.
 Transcontinental Gas Pipe Line Corp.
 Tuboscope Company
 J. Weingarten, Inc.
 Win Hawkins Drilling Company

MARYLAND

Army & Air Force Exchange Service
 The Arundel Corporation
 Baltimore Contractors, Inc.
 Cafritz Construction Co.
 City Baking Company
 W. T. Cowan, Inc.
 Crown Central Petroleum Corp.
 Crown Cork & Seal Company
 The Davison Chemical Corporation
 Greenspring Dairy, Inc.
 L. Greif & Bros., Inc.
 Gunther Brewing Co., Inc.
 The Hecht Company
 Hutzler Brothers Co.
 Insurance Buyers' Council
 Harry T. Campbell Sons Corp.
 Emerson Drug Company
 The Glenn L. Martin Company
 Maryland Shipbuilding & Drydock Co.
 McCormick & Co., Inc.
 Mercantile Safe Deposit & Trust Co.
 Merchants Terminal Corp.
 The National Brewing Co.
 Office of Naval Material
 Department of the Navy
 Olin Mathieson Chemical Corp.

MINNESOTA

Anderson Corporation
 Cargill, Incorporated
 Coca-Cola Bottling Co. of Minnesota
 The Creamette Co.
 Curtis 1000, Inc.
 Economics Laboratory, Inc.
 Faribault Woolen Mill Company
 Federal Cartridge Corporation
 First National Bank of Minneapolis
 First National Bank of St. Paul
 Fullerton Lumber Company
 Gamble-Skogmo, Inc.
 M. A. Gedney Company
 General Mills, Inc.
 Green Giant Company
 Theo. Hamm Brewing Company

Geo. A. Hormel & Co.
 Industrial Aggregate Co.
 International Milling Company
 Landers-Norblom-Christenson Co
 Land O'Lakes Creameries, Inc.
 Maple Island, Inc.
 Mayo Clinic
 McCabe Company
 Maney Bros. Mill & Elevator Co.
 Minneapolis Brewing Company
 Minneapolis-Honeywell Regulator Co.
 Minneapolis-Moline Company
 Minneapolis Star & Tribune Company
 Minnesota Mining & Manufacturing Co.
 Minnesota & Ontario Paper Co.
 Munsingwear, Inc.
 Nash-Finch Company
 The B. F. Nelson Mfg. Co.
 Northern Ordnance Inc.
 Northern States Power Company
 Northrup-King & Company
 Northwest Airlines, Inc.
 W. S. Nott Company
 Owatonna Canning Company
 Owatonna Tool Co.
 M. F. Patterson Dental Supply Co. of Minnesota
 F. H. Peavey & Company
 Pillsbury Mills, Inc.
 Queen Stove Works, Inc.
 Rayette, Inc.
 Red Owl Stores, Inc.
 Rochester Dairy Cooperative
 St. Paul Terminal Warehouse Co.
 Scott-Atwater Mfg. Company
 J. L. Shiely Company
 Super Valu Stores, Inc.
 Toro Manufacturing Company
 Waldorf Paper Products Company
 Winston Bros. Company

NEW YORK

ACF Industries, Inc.
 Allied Stores Corporation
 American Airlines
 American Brake Shoe Company
 American Broadcasting-Paramount Theatres, Inc.
 American Bank Note Co.
 American Can Company
 American Chicle Company
 American Cyanamid Company
 American District Telegraph Co., Inc.
 American Gas & Electric Service Co.
 American Home Products Corp.
 American Machine & Foundry Co.
 American Management Association
 American Metal Company, Ltd.
 American News Co., Inc.
 The American Oil Company
 Anaconda Company
 Anaconda Wire & Cable Company
 Arabian American Oil Company
 Associated Dry Goods Corp.
 The Babcock & Wilcox Company
 Belk Stores
 Bell Telephone Laboratories
 The Best Foods, Inc.
 Bigelow-Sanford Carpet Co., Inc.
 Blades & Macaulay

Sidney Blumenthal & Co., Inc.
 The Borden Company
 Bristol Myers Company
 Burlington Industries, Inc.
 California Oil Company
 Canada Dry Ginger Ale Co.
 John J. Casale, Inc.
 Celanese Corporation of America
 The Chase Manhattan Bank
 Cities Service Petroleum, Inc.
 Chilean Nitrate Sales Corporation
 Climax Molybdenum Company
 Coastal Oil Company
 Coats & Clark's Sales Corporation
 Colgate-Palmolive-Peet Company
 Columbian Carbon Company
 Combustion Engineering, Inc.
 Commercial Solvents Corporation
 Commonwealth Services, Inc.
 Congoleum-Nairn, Inc.
 Consolidated Cigar Corp.
 Continental Baking Company
 Continental Can Company, Inc.
 Continental Grain Company
 Corporate Advisors, Inc.
 Curtiss-Wright Corporation
 Daystrom, Inc.
 The Dime Savings Bank of Brooklyn
 Dow, Jones & Co., Inc.
 Ebasco Services Incorporated
 Thomas A. Edison, Inc.
 Joseph Dean Edwards
 El Paso Natural Gas Company
 Electrolux Corporation
 Esso Standard Oil Company
 Ethyl Corporation
 Federal Paper Board Co., Inc.
 The First National City Bank of
 New York
 The Firth Carpet Company
 The Flintkote Company, Inc.
 Foster-Wheeler Corp.
 Robert Gair Co., Inc.—Division
 of Continental Can Company, Inc.
 Geigy Chemical Corporation
 General Aniline & Film Corporation
 General Baking Company
 General Electric Company
 General Foods Corp.
 Gibbs & Hill, Inc.
 W. R. Grace & Company
 Great Lakes Carbon Corporation
 Guaranty Trust Company
 S. Gumpert Co., Inc.
 Hawley & Hoops
 Hess, Inc.
 Hewitt-Robins, Inc.
 Hudson Pulp & Paper Corp.
 Imperial Paper & Color Corp.
 Interchemical Corp.
 Johns-Manville Corp.
 Johnson & Johnson
 A. & M. Karagheusian, Inc.
 Kearfott Company, Inc.
 Kennecott Copper Corporation
 Knickerbocker Construction Co.
 H. Kohnstamm & Co., Inc.
 Lerner Stores Corp.
 Lever Brothers Co.

Liggett & Myers Tobacco Co.
 Lily-Tulip Cup Corp.
 Thomas J. Lipton, Inc.
 R. H. Macy & Co., Inc.
 McKesson & Robbins, Incorporated
 Manufacturers Trust Co.
 Merritt-Chapman & Scott Corp.
 Metal & Thermit Corp.
 Philip Morris Incorporated
 Muzak Corporation
 National Biscuit Company
 National Broadcasting Company, Inc.
 National Distillers Products Corporation
 National Starch Products, Inc.
 The Nestle Company
 J. J. Newberry Company
 New York Herald-Tribune
 Olin Mathieson Chemical Corporation
 Otis Elevator Company
 Owens-Illinois Glass Company
 Pan American World Airways, Inc.
 Panaminas Incorporated
 S. B. Penick & Co.
 Chas. Pfizer & Co., Inc.
 Pitney-Bowes, Inc.
 The Port of New York Authority
 Refined Syrups & Sugars, Inc.
 Reliance Manufacturing Company
 Republic Aviation Corporation
 Research Cottrell, Inc.
 Riegel Paper Corp.
 Seagram-Distillers Corp.
 Shein's Express
 Shell Oil Company
 Sperry Rand Corporation
 Sperry Gyroscope Co.
 Standard Oil Company (New Jersey)
 J. P. Stevens & Co., Inc.
 Sunshine Biscuit Company
 Sylvania Electric Products, Inc.
 The Texas Company
 Tide Water Associated Oil Co.
 Union Bag-Camp Paper Corporation
 Union Carbide & Carbon Corp.
 United Aircraft Corp.
 United Hospital Fund of New York
 United Merchants & Manufacturers, Inc.
 United Parcel Service
 U. S. Industries, Inc.
 United States Plywood Corporation
 Universal Pictures Co., Inc.
 Vick Chemical Company
 West Disinfecting Company
 Western Electric Company
 West Virginia Pulp & Paper Company
 Witco Chemical Company
 Worthington Corporation

NORTHERN CALIFORNIA

American Trust Company
 Guy F. Atkinson Company
 Avoset Company
 Bank of America NT & SA
 Bank of California, N.A.
 Bechtel Corporation
 California & Hawaiian Sugar Refining
 Corp. Ltd.
 California Packing Corporation
 California Self-Insurers Association
 California State Dental Association

Coast Service Company
 The Crocker-Anglo National Bank
 Consolidated Chemical Industries, Inc.
 Crown Zellerbach Corp.
 Cutter Laboratories
 Department of Finance — State of
 California
 Dinwiddie Construction Company
 The Robert Dollar Company
 The Emporium Capwell Company
 Fibreboard Products, Inc.
 The First Western Bank & Trust
 Company
 Foremost Dairies, Inc.
 Honolulu Oil Corporation
 Kaiser Companies
 Kern County Land Co.
 Lando Products, Inc.
 Lenkurt Electric Company, Inc.
 Leslie Salt Company
 Long Stores
 Matson Navigation Company
 Mund, McLaurin & Company
 Pabco Products, Inc.
 Pacific Gas & Electric Company
 The Pacific Telephone & Telegraph
 Company
 Pacific Transport Lines, Inc.
 Rheem Manufacturing Company
 Roos Bros., Inc.
 Rosenberg Bros. & Co., Inc.
 Rudiger-Lang Company
 Safeway Stores, Inc.
 Sonora Products Company
 Southern Pacific Company
 Spreckels Sugar Company
 Standard Oil Company of California
 Swinerton & Walberg Company
 Tidewater Associated Oil Company
 Transocean Air Lines
 The Union Ice Company
 Union Lumber Company
 United Air Lines, Inc.
 University of California
 Utah Construction Company
 Wells Fargo Bank
 Wilbur-Ellis Company

OREGON

The Bank of California, N.A.
 Blitz Weinhard Company
 Columbia River Packers Association,
 Inc.
 Consolidated Freightways, Inc.
 Dant & Russell, Inc.
 The First National Bank of Portland
 Harbor Plywood Corporation
 HYster Company
 Industrial Air Products Co.
 Jantzen, Inc.
 Lipman Wolfe & Company
 Mail-Well Envelope Co.
 Fred Meyer, Inc.
 Oregon Pulp & Paper Company
 Portland Gas & Coke Company
 The United States National Bank
 West Coast Lumbermen's Association
 White Stag Manufacturing Co.
 Willamette Iron & Steel Company

SOUTHERN CALIFORNIA

American Potash & Chemical Corp.
Baker Oil Tools, Inc.
Belridge Oil Company
Byron Jackson Company
California Bank
Carnation Company
Consolidated Rock Products Co.
Consolidated Western Steel Division of
U. S. Steel Corporation
The Copley Press, Inc.
Douglas Aircraft Company, Inc.
Emsco Manufacturing Company
Farmers & Merchants National Bank
The Flintkote Company
(Pioneer Division)
The Fluor Corporation, Ltd.
Forest Lawn Company
Garrett & Company, Inc.
Convair — A Division of General
Dynamics Corporation
Gladding, McBean & Company
Graham Brothers, Inc.
Griffith Company
Hammond Lumber Company
The Alfred Hart Distilleries, Inc.
Hughes Aircraft Company
Kaiser Steel Corporation
Lane-Wells Company
Lockheed Aircraft Corp.
North American Aviation, Inc.
Northrop Aircraft, Inc.
The McCulloch Motors Corp.
Marquardt Aircraft Co.
The May Department Stores Co.
Metropolitan Water District of
Southern California
Mission Appliance Corp.
Pacific Airmotive Corporation
Pacific Coast Borax Co. — Division of
Borax Consolidated, Ltd.
The Ramo-Woolridge Corporation
Richfield Oil Corporation
San Gabriel Valley Water Co.
Santa Fe Drilling Company
Security-First National Bank of
Los Angeles
Southern California Edison Company
Southern California Gas Co.
Superior Oil Company
Title Insurance and Trust Company
Turco Corporation
Union Oil Company of California
Von's Grocery Company

VIRGINIA-CAROLINA

American Enka Corporation
Camp Manufacturing Company, Inc.
Farmers Cooperative Exchanges, Inc.
Larus & Brother Company, Inc.
David M. Lea & Co., Inc.
Miller & Rhoads, Inc.
Noland Company, Inc.
Overnite Transportation Company
RF & P Railroad Company
Reynolds Metals Company
Smith-Douglass Company
Southern States Cooperative
Virginia Electric & Power Company

NON-CHAPTER MEMBERS

Alabama

The Ingalls Iron Works Company, Inc.
Stockham Valves & Fittings, Inc.

Arizona

Hughes Aircraft Company

Arkansas

The Crossett Company

Colorado

Colorado Fuel & Iron Corp.

Connecticut

Connecticut Light & Power Co.
The Kaman Aircraft Corporation
The United States Time Corporation
Whitney Chain Company

Delaware

Diamond Ice & Coal Company

Florida

Florida Power & Light Company
Ryder System, Inc.

Georgia

The Coca Cola Company
West Point Manufacturing Company

Illinois

Moorman Manufacturing Company
Sundstrand Machine Tool Company

Indiana

Insurance Audit & Inspection Co.
Magnavox Company

Iowa

The Rath Packing Company

Kansas

The Carey Salt Company

Kentucky

The Mengel Company

Louisiana

The California Company
United Gas Corporation

Maine

Central Maine Power Company

Massachusetts

Godfrey L. Cabot, Inc.
Simonds Saw & Steel Co.
American Optical Company
Massachusetts Mutual Life Insurance
Co.
Howard D. Johnson Company
Betterley Associates
Norton Company

Michigan

Hiram Walker & Sons, Inc.
Gerber's Baby Foods
The Dow Chemical Company

Missouri

Gaylord Container Corporation
Division of Crown Zellerbach Corp.
Panhandle Eastern Pipe Line Co.
Laclede Steel Company
Monsanto Chemical Company
Standard Milling Company
The Seven-Up Company
Union Electric Company of Missouri

New Mexico

Harold J. O'Neill

New York

Twin Coach Company
Corning Glass Works
New York State Electric & Gas Corp.
Rochester Gas & Electric Corp.
Columbus McKinnon Chain Corp.
Will & Baumer Candle Company

Ohio

The American Crayon Company
Firestone Tire & Rubber Company
The General Tire & Rubber Company
Diamond Alkali Company
The Parker Appliance Company
E. I. Evans & Company
The Hoover Company
Hupp Corporation
The Youngstown Sheet & Tube
Company

Oklahoma

Oklahoma Gas & Electric Company

Pennsylvania

Aircraft-Marine Products, Inc.
Titan Metal Manufacturing Co.
Armstrong Cork Company
G. C. Murphy Company
Aluminum Company of America
Dravo Corporation
Eastern Gas & Fuel Associates
National Supply Company
National-U.S. Radiator Corp.
Neville Chemical Company
Pennsylvania Transformer Division —
McGraw-Edison Company
Pittsburgh Coke & Chemical Company
Pittsburgh Consolidation Coal Company
Pittsburgh & West Virginia Railway Co.
Westinghouse Electric Corporation
West Penn Power Company

Rhode Island

Gorham Manufacturing Company
Grinnell Corporation
Wanskuck Company

Tennessee

Hardwick Stove Company

Texas

The Western Company

Vermont

Central Vermont Public Service Corp.

Washington

Boeing Airplane Company
Pacific American Fisheries, Inc.
Weyerhaeuser Timber Company

West Virginia

Pennsylvania Glass Sand Corp.

Wisconsin

Fred Rueping Leather Company
Chain Belt Company
Harnischfeger Corporation
The Kurth Malting Co.
Nordberg Manufacturing Co.
A. Geo. Schulz Company

ALASKA

Chugach Electric Association, Inc.

CANADA

Northern Electric Company, Ltd.
Western Canada Breweries, Ltd.
British Columbia Electric Railway Co.,
Ltd.

Value

(From page 16)

He must be an educator of company personnel as to the best practices in his technical area and possibly, an educator within his technical area as to the special needs of his company. He must be a negotiator whose scale of values in and out of the corporation must necessarily be long-range. He must be able to supervise the administration and professional duties in his own department. He must be able to sell his programs to his colleagues throughout the company. And, finally, but certainly not least, he must be a man of integrity in exercising his responsibilities in conformance with company policy.

* * *

This is probably a partial list — but again my purpose is to relate the professional and management tasks of the corporate insurance department head to that of other key staff heads. In each area of these responsibilities, the corporate management expects a technical department manager to present well-studied and imaginative approach toward each facet of his many-sided job as a department manager. I would venture to say that more and more — as corporations grow in scope and complexity, the evaluating and rating of men in staff departments will be in terms of these general management

skills and duties, since the knowledge of subject is assumed when a man reaches department status. Moreover, aids and assists to subject are more highly organized and available (both through educational programs and the activities of professional groups) than the particular administrative management skills which I have mentioned. These, however, are becoming more and more recognized and developed by key industry and big government — and they will be augmented in the coming years.

So much for a "plug" for insurance department managers being managers.

* * *

I would like to mention some thoughts on the place of the corporate insurance program in our overall financial picture:

Today, more and more large corporations are recruiting professional staffs in the development of financial programs. Just as the insurance function has developed into a staff job in a large corporation, so the outlining of a financial program for a coming year and for a projection year has become a job for a specialized professional staff in large business and large government.

This work usually results in a budget for the current year plus various sales and income projections for coming years. The budget

provides a means for measuring cost control, as well as a basis for financial planning. A real push in the direction of budget financial planning has developed from the fact that today business is in what might be called a "planning era." I doubt if there has ever been available so many economic projection services to such a broad range of corporate executives, as there are today. It is probably true that corporations, in determining their financial plans, are giving more attention to these factors than in previous times. I have stated in meetings with treasurers that the viewpoint of the economist as to the future development of the country and various market potentials, is probably more important than the treasurer's view toward the relative movements of the money market, unless there are extreme variations.

The emphasis on planning and budgeting lies in the fact that capital investment is the life blood of corporate growth. Corporate managers cannot make these investments or attract the cooperation of other financial managers who control lending funds without a sound program within their company for capital planning and control. This program must indicate the basis on which the company plans to make out against its anticipated expenditures and the

(More on page 46)

Many large corporations utilize our services for broad survey and review of their entire insurance program.

However, in most cases, we have been requested to assist in arranging for a particular form of insurance or in solving a single risk problem.

CORPORATE ADVISORS, INC.

Insurance Consultants

ERNEST L. CLARK, President

Compensation on Fee Basis Only

15 William Street
New York 5, N. Y.
Tel.: Whitehall 3-0697, 0698

New Jersey address:
Box 87
Summit, New Jersey

Insurance Dollar

(From page 35)

— do-it-yourself plan — as when a solid and complete insurance structure was afforded. The firm's bankers agreed, liked the change very much. Here was an example of "how to insure" being decided on the elements of pure cost.

* * *

Another time I observed the insurance manager of a large department store making a decision on risk insurance which then puzzled me greatly. The subject involved was accounts receivable records — running to \$5,000,000 in the Holiday season. The store had gone to great length to guard against loss to these valuable documents. Two sets of bills contained in fire resistive tubs closed at night were kept in separate floors of the fire resistive sprinklered building. Each month all bills were photographed and the films stored in a bank vault a block away. Not much chance for loss here, you would say. Under a reporting form, the insurance company involved, which happened to be our own, was willing to assume the risk on a practically all coverage basis for \$3500 for three years. The question for the insurance manager to decide was whether to insure or not to insure. To decide, whether to gamble that the protective measures taken were loss-proof at odds of \$5,000,000 to \$1200 roughly (per year). He insured. He said the decision was made for these reasons — Amount at risk very great. Cost very low when net outlay (taxes, ded., etc.) considered. He did not feel that his top management would have approved his leaving any gap unclosed over \$5,000,000 that would be shut tight for a net outlay of only \$600 a year. In those days accounts receivable insurance was new. I thought at the time that the insurance manager was being a little timid. Now, years later, after having seen a few strange things happen to accounts receivable records, I am inclined to think he knew what he was doing.

* * *

Everyone must help out if you are to lessen and control losses.

Hold meetings with all employees or at least department heads. They must be made aware of the costs to them of accidents and losses. Insofar as is possible everyone should be working in a complete safety program at all times.

As Insurance Manager you have a clear-cut responsibility to top management for the handling of the risk in your particular plant or business. It is up to you to do the job — but keep the boss informed. He likes to know. As the top executive, he must know — Give him periodic, brief reports. Set up a calendar for this. Go into all phases of your program. Don't be afraid to recommend changes in operation and policy, if the risk to the business is affected. A loss can be far more expensive than some changes in policy, operation, or construction. You will be criticized if you don't speak out.

Educate top management in loss prevention and the sound insurance program. Get their support and your job will be much easier.

* * *

Well, even though my remarks about the Insurance Company Facilities, Responsibilities, and Recommended Loss Procedure have been lengthy, they were sketchy — covered the ground only lightly. It all looks like a large order for an Insurance Manager, doesn't it? You may be asking yourself now, as you no doubt often do, — "How can I do all of this?" "How can I prevail upon the agent to provide all the facilities of the companies you say should be applied to my business. How can I be sure the agent is doing the job right?"

They say a well informed insurance man should know all about his own business and most everything about every other business. You must know all about the risk of your own business.

Take advantage of every educational opportunity to become a risk analyst — then enlist all the qualified aid you can get inside your company and out — Place trust in a high ranking, recognized agent who can bring you all the available facilities of the big insurance companies. It seems to be important to hold out as an inducement to a single highly qualified and

professional agent the prospect of his handling all or most of your account. He is a business man and will do a better job if he gets a volume of premium and resultant commission sufficient to pay for the labor and expense of providing a proper job of service. Make known to your controlling agent that you are familiar with the risk of your business. Leave no doubt in his mind that you expect him to perform expertly, in the assignment intended to avert loss. Ask yourself these key questions as a check to determine whether you are getting all you should from your agent and your companies for your premium dollar:

Has a reliable and complete insurance survey and analysis of my business been made?

Has it been checked this year? Last?

Has my controlling agent assisted me in completing a Fact Finder or insurance questionnaire?

Have all indicated available coverages been proposed and quoted? Do I understand them? Is my business getting the proper and frequent attention of Insurance Company engineers and specialists it deserves?

Am I reasonably well satisfied that my insurance program is broad and complete and safe?

These are reminders. Perhaps the Fact Finder should be first. Without it you cannot know enough about your risk. Don't get too far into the underwriting end of the insurance business. Some do — But it seems to me to be much wiser to pay the insurance premium (which is the tax against loss) and let the Insurance Companies do the underwriting.

Create a planned insurance program — Develop a good safety program. Do these two jobs and there cannot be too much criticism coming your way. Largely this is what top management expects of you. Keep trying to learn all you can about the business of risk and insurance — it shall be the acknowledged obligation of agents and companies to make full facilities of protection available to you at lowest cost.

(More on page 43)

Insurance Dollar

(From page 42)

Whether you have a full time job as Insurance Manager or are a part time buyer with other duties, you must somehow achieve a dedication to the idea that you have a terrifically important post — to provide protection for business and industry from sudden and unexpected catastrophe.

You have one of the most important jobs in industry in my opinion. Dedicate yourself to it. Make a profession of it, for profession it should be if you do the job right. Finally, it should be the desire of buyer, agent and company to work together — we all need each other.

(From a speech before Cincinnati Chapter, ASIM.)

The night watchman heard strange noises in one of the darkened offices and called, "Come out with your hands raised so I can see who you is or I'll come in and see who you was."

—The Mississippi Agent

"Property Insurance" — Revised Edition by Huebner and Black

S. S. Huebner, Emeritus Professor of Insurance, University of Pennsylvania, and Kenneth Black, Jr., Professor of Insurance, Georgia State College of Business Administration, have published the fourth edition of "Property Insurance."

This is a thorough revision of a standard text, the previous revision of which was published in 1938. In addition to a considerable amount of reorganization of the text, about one-third of the content is new. The book takes into consideration the tremendous changes that have been brought about in the field of Property Insurance during the past eighteen years, including the impact of the multiple line trend on the various kinds of insurance and on specific coverages.

In recognition of its growing importance, greater space than heretofore is given to Inland Marine Insurance, to which four chapters are now devoted; and a new chapter on Aviation Insurance has

been introduced.

The aim of the book, as before, is to bring together in compact and classified form those facts, principles, and practices which enable the underwriter, student, or lay buyer of insurance to obtain a comprehensive understanding of the nature of Property Insurance in its various forms, the ways in which they may and should be used in the interest of property owners and business welfare, and the impact and implications of new developments in the business.

With respect to each of the various kinds of Property Insurance, special emphasis is placed upon the nature of the risk faced, the general nature of available coverage, an analysis of important specific contracts, and the basic factors affecting the underwriting and rating of such risks.

Throughout the text emphasis is placed on principles and basic concepts which to a considerable extent perpetuate themselves, and great care has been taken to keep the presentation simple and non-technical.

In Your Service

Among the many functions of a competent insurance agency is the knowledge of insurance markets — where to secure the broadest coverage in financially sound companies at minimum cost.

We pride ourselves, as do insurance buyers, on our ability to keep informed of the ever-changing insurance source of supply.

If you have a problem, we believe one of our specialists can help solve it.

BYRNES-McCAFFREY, INC.

Detroit

Chicago

Ford Motor Company

(From page 5)

erty located on the manufacturing premises. The "on-premise" coverage excludes the standard fire and extended coverage perils which were already insured. Basically, the supplemental coverage affords protection against the perils of flood, earthquake, machinery breakdown, theft, and collision by vehicles (including Company railroad rolling stock.). The limits of liability under the floater are \$3,000,000 for any one location and \$1,500,000 for any one conveyance.

None of the limitations on flood or earthquake hazards customary to existing MOP forms are included in the floater coverage. Under this policy, "mine-run" losses are self-insured (including the innumerable losses involving collision damage to Company-owned cars and trucks) by the application of a \$5,000 deductible amount any one loss.

* * *

By far the best illustration of the usefulness of the all-risk personal property floater is the combination flood and fire loss which occurred at our Long Beach, California, Assembly Plant in January, 1956. In this unusual loss, rising flood waters from excessive rainfall caused underground gasoline storage tanks to break from their moorings. When the tank connections were severed, it caused fumes and gasoline to escape in a sparking area. The resulting fire and explosion damages were severe but the loss was minimized because of prompt and outstanding action by plant and outside fire-fighting personnel. To aggravate the flood loss conditions, a heavy film of crude oil, which floated into the plant area on the flood waters from adjoining oil fields, was deposited on the entire plant premises.

The loss recovery from the floater for flood damage to personal property in this incident amounted to \$1,350,000. To our knowledge, this is one of the largest flood loss recoveries paid by insurers. The portion of the loss covered by fire insurance, for personal property, amounted to \$409,000. In addition,

the uninsured loss for flood damage to real property and for business interruption was sizeable. Despite the size of the loss, the plant was shut down only six working days.

It is interesting to note that if flood insurance could have been purchased on a selected location basis, there would have been little reason to single out this plant as a target risk. Furthermore, if our policy had contained the usual MOP \$150,000 annual aggregate limit of liability for flood perils, it would have provided only about 10% of the amount actually recovered.

* * *

One of the unexpected consequences of purchasing all-risk coverage for the first time is the discovery of all sorts of unusual losses which previously had not been reported to the corporate insurance manager. We like to relate the incident of the curious squirrel which decided to explore the inside of a power sub-station belonging to the Company. This sorry fellow shorted the electrical equipment and the ensuing electrical arc within an oil-filled circuit breaker caused an explosion which seriously damaged the building and equipment. Under the standard fire insurance policy exclusion, the damage to the electrical equipment was not covered. However, it was insured by the personal property floater after application of the \$5,000 deductible. Needless to say, that squirrel will be long-remembered.

Besides covering the physical damage hazards to which the more than 5,000 vehicles in the Company fleet are exposed, the floater also covers the multitude of prototype and experimental vehicles in use (some of them costing more than \$100,000), even while being tested. Since the Company contractually assumes the risk of loss on newly-produced vehicles while in transit to its dealers, the floater steps in to pay "Act of God" losses when the freight carriers deny liability for such losses under their bills of lading.

Personal property located in warehouses, leased offices, vendors' plants, etc. is covered under the usual MOP "off-premise" provisions, although it is the Company's

practice to require most of the bailees of its personal property to assume responsibility for losses caused by physical damage hazards. The floater also provides protection for the tracts of standing timber belonging to the Company.

In summary, with respect to personal property protection, Ford Motor Company has achieved almost completely its objective for an all-risk, simplified package policy. Since the initial exposure survey four years ago, no values reports have been made under the floater and renewal premiums are being computed on the basis of loss experience. (The aforementioned Long Beach flood was considered a catastrophe for premium purposes.) The number of claims reported which are in excess of the \$5,000 deductible has been small but this is in line with the view that the floater should be essentially a catastrophe policy.

As a note of caution to all corporate insurance managers who would like to purchase a Ford-type floater, we would like to emphasize that the premium must be sizeable in order to attract the interest of insurers. In our case, we combined our export marine coverage with the personal property floater to make the premium volume sufficiently attractive.

* * *

Until recently, the prospects of developing a similar floater for real property have been meagre. The primary reason for this appears to be a great reluctance to apply the "multiple-line concept" to buildings and fixed assets. Although the risk divisions of fire, casualty and marine lines are still being maintained, there is a melding stage in process. For example, a newly-developed Industrial Property Form is now being submitted to insurance regulatory bodies for approval. This is the latest milestone in the multiple-peril approach to real property.

We at Ford Motor Company will await the evolution of this new form with the hope that a simplified, economical package insurance policy can be adapted to cover both personal and real property.

(Written especially for *The National Insurance Buyer*, March 1957.)

"Umbrella"

(From page 30)

quacy of the premium at the time the risk was assumed.

There has been a marked broadening of policy forms by the American insurance companies in recent years. As the companies have expanded and prospered they have naturally been willing to assume greater risks and venture to a greater degree into the unknown. On the other hand, many American insurance underwriters lack both imagination and courage. Some of their caution rightfully arises from the fact that they have, upon occasion, been unable to secure adequate premiums for the unknown risk to be assumed. On the other hand, those who have desired to be more courageous and progressive, have, upon occasion, been hindered by various State regulatory bodies which continue to govern our destinies to a great extent. There is no doubt that many of the regulations imposed by the State Insurance Department upon American companies are essential for safeguarding the interest of the *individual* insurance buyer. However, when large corporations enter the insurance market they have competent insurance men negotiating their coverages and therefore should not require as much supervision from political bodies as does the *individual* buyer. Therefore, in many instances certain unadmitted insurers have been able to provide broader forms of protection for the large corporate buyer than can the admitted insurer. Such coverages, of course, must be placed on what is known as a "Surplus Line" basis

because of the fact that the insurance Underwriter involved is not licensed in the particular State.

Lloyd's-London

Because of the unusual make-up of Lloyd's, London, it has been practically impossible for them to become entered in the various States. However, in recent years they have entered the States of Illinois and Kentucky and do conduct their business in those States on the same basis as any other admitted company. Because of the fact that Lloyd's is an association of individuals it has, by its very nature, progressed in an atmosphere which encourages initiative and freedom of action. Each Underwriting Syndicate at Lloyd's is operated by an underwriting agent who is free to act on his own initiative and is permitted to commit those members of his Syndicate to the terms of any insurance coverage which he elects to effect. Because of this freedom of action, Lloyd's Underwriters have, since their inception, written all forms of insurance excepting Life and Financial Guarantee Policies. It is not unusual for the same Underwriting Syndicate to assume the risks of Fire, Casualty, Marine, Aviation, Accident and Sickness or Fidelity.

It is only in recent years that American insurance companies have broadened their charters to enable them to write all these various coverages in one company. Some companies still have not progressed to that extent, but have accomplished this ultimate goal through either the purchase of other companies or through effect-

ing mergers of companies who have underwritten these different forms of insurance. There is no doubt in my mind that within the foreseeable future most large Property Insurance companies will also write the Casualty forms of coverage in the same policy and vice versa. However, before this can become common practice it will be necessary for these companies to train underwriters in *all* branches of insurance rather than only the specialized fields in which they have operated in the past.

Until such time as American companies have such experienced underwriters in their employ, it will undoubtedly be necessary for large corporate buyers to continue to use Lloyd's or other experienced non-admitted insurance markets, who, by their very nature, enjoy a greater freedom of action. In the final analysis I don't believe that anyone can specifically define a "special risk" as a particular form of insurance coverage, since that which may appear to be "unusual" to one underwriter, may well be considered as "usual" or "commonplace" to those underwriters who have for so many years been progressive in their approach to the insurance requirements of our expanding economy.

(Mr. L. F. Hawley is president of Newhouse and Hawley, Inc., Chicago, Illinois. He has been in the insurance business for twenty-five years; is a member of the Union League Club, Mid-Day Club, Executives Club, and Westmoreland Country Club. A former chairman of the Association of Lloyd's Brokers, he is presently a director of that Association.)

Koppel Printing Company, Inc.

225 West 39 Street, New York 18, N. Y.

LOngacre 5-4270

DESIGN and TYPOGRAPHY • COMPOSITION • LETTER PRESS PRINTING
OFFSET LITHOGRAPHY • PHOTOENGRAVING • BINDING • MAILING

Printers of "The National Insurance Buyer"

Value

(From page 41)

relative profitability of new ventures, compared with the basic business of the company.

In the broad financial plan, management is attempting to gain control of its financial operations. "Control" is a word which requires some definition. In Continental Can Company, "control" really means "predictability," with all the supporting operations which that implies. An activity within our company is under control if the application of given resources of given material and money to a particular project can be reasonably predicted. Thus management can expect that given levels of operation will yield given returns and can, in return, provide the basis for further investments or further development of company plans.

From what I have said about the relation of controls and predictability, I am sure it is obvious to a group of corporate insurance and financial men that insurance plays a key part in the achievement of control thus defined. The insurance program in a company is a protection against major financial blows arising from loss, destruction, or other untoward events in many stages of operation. It is the nature of the insurance function to protect against great financial risks, at a cost which represents a comparatively low element of expense in overall operations. We are dependent, as are other companies, on the *effective performance* of this insurance function as the lifeguard and the defensive agent of our business — to permit us to plan ahead regardless of almost any eventuality.

The positive value of the corporate insurance department, however, and other factors which we expect from our insurance program, go well beyond this defensive position.

* * *

Thus far, I have been talking about insurance in the casualty and property sense. A more expensive type of insurance (from the corporate standpoint) is group life insurance and medical insurance

plans which are found in almost all large corporations. I would like to include in my remarks some observations on some of our policies with respect to each of these fields:

From the financial standpoint, one of the greatest and major questions in a company's property and casualty insurance program is: "What risks are we willing to self-insure or self-assume?" Until a short time ago, I had a very good example of a completely self-insured exposure. Within this short time, however, because of a re-evaluation of that exposure, we have purchased catastrophe insurance to cover container closing machines located in customer plants, office furniture, and certain pre-season shipments of merchandise stored in customer plants. Altogether, the aggregate value of this property was estimated at approximately \$21 million. The new coverage we have purchased protects us against the effects of catastrophe loss, but at the same time, we assume a substantial portion of the risk through the use of a so-called—"aggregate deductible plan."

Our major areas of self-insurance, or rather self-assumption of risk, are the rather common ones: These would include collision risk involving company automobiles; earthquakes (except in certain areas on the Pacific coast); and depreciation against replacement costs of our plants. Other than these items, we are covering such financial risks as we have been able to identify as significant on an insurance basis.

In addition, our policy is to attempt to keep our coverage updated, consistent with the increases in costs of construction, the value of machinery, and the generally-increased costs of conducting business in this era.

As a company, we have significant operational risks in the form of considerable waste-paper in paper manufacturing and paper converting plants; a wide scattering of volatile liquids in terms of gravure printing and lithographing operations in all our plants. The answer to avoiding high-cost insurance in both the property and

casualty fields, is an active program of loss prevention.

We are dependent upon the function of our insurance department, in cooperation with our industrial relations department, to carry on an accelerated program of loss prevention in employee-industrial safety. During the past ten years, our disabling accident frequency rate has been reduced from 18.8 disabling injuries per million man hours — to a frequency of 4.6. We consider this a real improvement and achievement.

Similarly, full advantage is taken of the fire safety engineering services of the F.I.A. and the Factory Mutuals. These supplement company efforts to reduce the possibility of property and production losses through high standards of housekeeping and maintenance, in conjunction with adequate fire protection facilities at all our plants.

* * *

We look to the insurance department to present first to the operating divisions (at the time they are formulating their capital budgets), the fire protection improvements which have been recommended by insurance companies with the highest priorities. In evaluating these recommendations, we look to the insurance department to protect the company against what would be considered excessive caution on the part of insurance company people towards over-protection. The insurance department attempts to sell divisions on the installation of certain safety measures, and these are highlighted in our capital budget. Over and beyond this effort of selling the divisions, we request the insurance department to present directly to the Budget and Forecast Committee cases where the division has not seen fit to buy the recommendation of the insurance department, but where the insurance department considers as a matter of policy, that the risk is too great to assume without a top management decision.

This gives the department a second shot at the major elements in its protection program — and in a number of cases we have overruled a division's views — or they, them-

(More on page 47)

Value

(From page 46)

selves, have taken a different attitude toward the expenditures concerned.

* * *

Another area of particular interest in our insurance program during the past year has been the work on insurance for an atomic reactor. (We are one of a number of cooperative companies building a reactor for research purposes). Here we have attempted to evaluate the benefits of research and future progress to be derived from the company's participation, even though full coverage is not available — as against the possible risks we are assuming. The insurance department has performed the valuable service of acquainting company management with a factual picture on insurance against failure of atomic facilities — and we will continue to work in this new field of insurable risk.

In the life and medical insurance field the additional effect of the program on union negotiations and

morale of company employees must be considered. It is very difficult to separate, as independent from other wage costs financial considerations, the wide range of fringe benefits in the group life insurance and medical insurance field which have been introduced over the past years.

From a financial standpoint, we look to the insurance department to recommend and fight for provisions which are relatively easy to administer and which give the maximum protection to employees at a minimum cost to the company. These "minimums" are still a large figure. In our case, the group life insurance and medical insurance costs are approximately five times the property and casualty insurance costs. The extent to which we can affect these costs by administrative means (other than through union negotiations) is not great in light of our total expense. It is, nevertheless, an objective which we constantly pursue and it is a major part of our group insurance organization to see that we provide the type of benefits consistent with

our company objectives. At Continental Can Company the administration of casualty and property insurance is in one department which reports to the Treasurer and financial heads of the company. The administration of group life insurance and medical insurance is in the industrial relations department. (In our own case so much of the group life and medical insurance is dependent upon union negotiations that these programs are directed to the industrial relations department.)

The Value of the Insurance Department Emphasized

I hope that these remarks have indicated that within Continental Can Company we value our insurance department as an integral staff group — with a definite and important role in the conduct of our financial management and industrial relations department programs. I feel sure that the continued activities of these groups will reflect even further consideration of their basic value to Continental Can Company, Inc.

Credit Insurance

(From page 28)

improvements are to be had, they must come from the force of competition, by the entry of new insurers into the field. Socially, it seems desirable that credit insurance be written on a wide scale, in order to more fully exercise the principle of risk spreading on an actuarial basis, bringing lower rates and wider coverages. If this happened, policies could be simplified because there would no longer be compelling incentives to mystify policyholders. There is justification in the belief that a vast market remains for new credit insurers, one which is likely to remain untapped until competition forces more favorable terms for policyholders.

(Mr. Sheehan is co-author with Professor Mark R. Greene of the University of Oregon of a book on "Credit Insurance.")

Advertisers — March 1957

(Because the advertisers in The National Insurance Buyer are very carefully selected, we believe you will find their messages well worth reading and we recommend that their services be used whenever possible.)

American Appraisal Company.....	24
American District Telegraph Company.....	2nd cover
American Foreign Insurance Association.....	23
American International Underwriters.....	3rd cover
Boston Manufacturers Mutual Inc. Co., Mutual Boiler & Machinery Ins. Co....	25
Brown, Crosby & Co., Inc.....	4
Byrnes-McCaffrey, Inc.	43
Chubb & Son.....	11
Connecticut General Life Insurance Company.....	17
Continental Casualty Company.....	32
Corporate Advisors, Inc.....	41
R. H. Gore Company.....	35
Hartford Steam Boiler Inspection & Insurance Co.....	9
Indemnity Insurance Company of North America.....	13
Fred S. James & Co.....	15
Johnson & Higgins.....	2
Koppel Printing Co., Inc.....	45
Lumbermens Mutual Casualty Company.....	19
Manufacturers Mutual Fire Insurance Company.....	27
Marine Office of America.....	21
Marsh & McLennan.....	back cover
R. C. Rathbone & Son, Inc.....	29
Rollins Burdick Hunter Company.....	7
Sturtevant Overin Co., Inc.....	31

"Developing Insurable Values"

A Case Study Is Made by
A. L. Benjamin To Be Distributed to
ASIM Members



A. L. Benjamin
Director of Insurance
The Cincinnati Gas & Electric Company

A. L. Benjamin, Director of Insurance for The Cincinnati Gas & Electric Company and a member of the American Society of Insurance Management, has released for publication to ASIM a case study in "Developing Insurable Values," replete with charts and excellent text.

This case study was the subject of an address made by Mr. Benjamin before the January meeting of Cincinnati Chapter ASIM and received so much commendation that permission for its reproduction was requested by ASIM. It will be distributed without charge to all members of the American Society of Insurance Management, Inc.

Mr. Benjamin is a graduate of the University of Cincinnati and started as a cooperative student with the Cincinnati Gas & Electric Company in 1923. In 1938 became Manager of the Property Department and Director of Insurance.

He is a member of the Insurance Committee of the Edison Electric Institute; member of the Insurance Committee of the American Gas Association; a trustee of the Griffith Memorial Foundation for Insurance Education (The Ohio State University) and has appeared as speaker on both building management and insurance problems on numerous occasions during the past 15 years.

ASIM Continues To Grow

The American Society of Insurance Management, Inc., is growing — and we are proud to welcome into membership the following companies — all new members since the January issue of The National Insurance Buyer was published:

Central Illinois Chapter

Central Illinois Light Company
Commercial National Bank of Peoria
Honeggers' & Company, Inc.
Veatch Business Service

Cincinnati Chapter

Bavarian Brewing Co. Inc.

Insurance Buyers Association of Detroit

Kelsey-Hayes Wheel Company
Lyon Incorporated

Houston Area Insurance Buyers Association

Bank of the Southwest

Minnesota Chapter

Maple Island, Inc.

New York Chapter

Owens-Illinois Glass Company
Shein's Express
Vick Chemical Company

Oregon Chapter

Blitz Weinhard Company

Non-Chapter Members

Whitney Chain Company, Connecticut
Hupp Corporation, Ohio
National-U. S. Radiator Corporation, Pennsylvania
Pennsylvania Transformer Division —
McGraw-Edison Company, Pennsylvania
Pittsburgh & West Virginia Railway Co., Pennsylvania
Westinghouse Electric Corporation, Pennsylvania
Gaylord Container Corporation —
Division of Crown Zellerbach Corp, Missouri

How the **SALT** killed the **PEPPER!**



In building approaches to its new factory in Java, an American company closed off a dry gully. When the monsoons came, the gully turned out to be a tidal inlet!

The result — a nearby pepper crop ruined. But even worse, the receding waters left a salt deposit on the land! New pepper plants refused to grow! Between crop damage and soil rehabilitation, the company was deluged with claims.

But before construction started, they had bought *American* insurance — from their *American* broker — through American International Underwriters.

AIU policies are written in broad forms of coverage, yet conform to the insurance laws and customs of the country involved. Payments are made in the same currency as premiums, including U. S. dollars where local law allows.

The financial security of AIU is backed by the stability of leading insurance companies in the United States.

A phone call from your regular agent or broker will place AIU's nearly 40 years of specialized experience at your service. Offices are listed below.



AMERICAN INTERNATIONAL UNDERWRITERS COMPANIES

INSURANCE AND REINSURANCE WORLD-WIDE

OFFICES IN: Antwerp • Aschaffenburg • Augsburg • Bangkok • Bad Godesberg
Baumholder • Beirut • Berlin • Bermuda • Bogota • Bonn • Boston • Bremerhaven
Brussels • Buenos Aires • Caracas • Casablanca • Cebu • Chicago • Chittagong
Colombo • Dacca • Dallas • Denver • Detroit • Frankfurt/Main • Fukuoka • Giessen
Havana • Heidelberg • Hong Kong • Houston • Kaiserslautern • Kanazawa
Karachi • Karlsruhe • Kobe • Kuala Lumpur • Kyoto • Lahore • London
Los Angeles • Madrid • Manila • Mexico City • Milan • Montevideo • Munich
Nagoya • Naha • Nuernberg • New Orleans • New York • Osaka • Paris • Penang
Phnompenh • Rangoon • Rio de Janeiro • Rome • Saigon • San Francisco
Sao Paulo • Seattle • Seoul • Shizuoka • Singapore • Stuttgart • Tangier • Tokyo
Washington • Wiesbaden • Yokohama



**To executives
who should be
concerned with
their company's
INSURANCE
PROTECTION
PROGRAM**



Have you outgrown your coverages and the services that should go with them?

Many executives in your position are finding previously unrecognized inadequacies and extravagances in their companies' protection programs, created by business growth and by changing labor, tax and economic conditions. They are taking a new look at their new requirements—and at the facilities available to meet those requirements.

In this situation, we invite you to take a good look at Marsh & McLennan. You will find facilities, experience and knowledge that are meeting the exacting requirements of both large and small industrial enterprises in virtually every field of business. You will find authorities in all lines of insurance and a conception of performance that goes beyond the traditional services of a broker or agent to include engineering, loss adjusting, research and informed, impartial counsel. You will find us well equipped with a *continuing* service to meet *all* your insurance requirements.

There is no obligation in a preliminary discussion of your situation, and we invite your inquiry.

MARSH & McLENNAN

MARSH & McLENNAN-COSGROVE & CO.

Insurance Brokers

CONSULTING ACTUARIES • AVERAGE ADJUSTERS

Chicago New York San Francisco Minneapolis Detroit Los Angeles Boston
Pittsburgh Seattle St. Louis Indianapolis St. Paul Portland Buffalo
Duluth Atlanta New Orleans Tulsa Milwaukee Phoenix Cleveland
Washington Montreal Toronto Vancouver Calgary Havana Caracas London

